

Merchandising

A GRALLA PUBLICATION

JANUARY 1984

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS



The 1984 Winter CES launches a brave new world of consumer electronics



The biggest ever
Home Builders' Show
previews new trends
in major appliance
colors

- See high-tech telephones perform amazing feats
 - Hear digital audio — in cars for the first time
 - Witness flat-screen TV's with extra-large viewing area
 - Marvel at new low prices for compact disc players
 - Let self-help software solve your computer problems
- ...and much, much more

Merchandising • Plans give retailers a new profit plan

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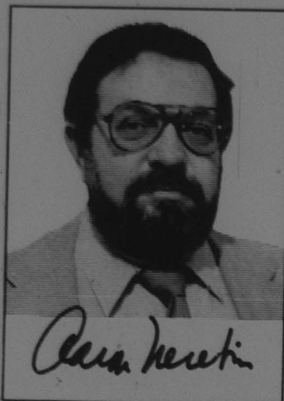


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Editorially Speaking

Most electronics retailers do not compute; 1984 is going to be one heck of a sales year

I've got news for all of you electronics specialists out there. You may not want to get involved in computers, but the middle- and higher-end computer manufacturers don't want to get involved with you either.

So there!!!

We just returned from the Comdex Convention in Las Vegas—and we're back in Las Vegas for the CES without so much as a chance to catch our breath—and we were stunned, surprised, outraged and sympathetic to the posture being assumed by most of the computer product exhibitors.

Stunned because the big money is there and we're not being let in. Surprised because the normal desire to expand into new markets is not there. Outraged because of the hard-nosed attitude relative to the electronics dealer. Sympathetic because, in truth, most electronics dealers don't understand, refuse to learn and are unwilling to invest in and train for an obvious growth electronics category.

Most of the electronics dealers we've talked to admit they fear computers as much as most of the suppliers fear franchising them.

It's easy enough to sell a TV or a VCR or a stereo or a microwave oven or a refrigerator, etc., etc., but you

can't sell a computer valued at over \$1,000 and peripherals and accessories that could bring the cost to well over \$2,000 without providing an educated nose-to-nose sales representation and a post-sale service that responds to use and technique queries with alacrity and knowledgeability. Certainly, the well-over-\$2,500 systems would require more rigid retail attention.

The question that most electronics retailers have to ask themselves is what store do they place on computer potential and how much are they willing to deviate from traditional retailing to put themselves into the picture?

In any event, the electronics retailer who wants to partake of multibillion-dollar computer sales is going to have to go after the computer hardware and software manufacturer because the supplier, in this case, is not going to do the chasing.

Now how's that for a kick in the teeth?

Back to our current basics.

The Consumer Electronics Show promises to be the missile pad that's going to send 1984 soaring to new sales and profit heights for almost all consumer electronics.

We haven't encountered a retailer

yet who hasn't told us that business to date has been good to incredible and who isn't prepping for a big '84.

In point of fact, the only problem that retailers may encounter is one of product unavailability as they seek to replenish their inventory, particularly with VCR's and certain color TV models. There'll be no difficulty in some of the other hot areas like corded telephones and blank videotape. In stereo, the growth of the compact disc will depend only on the availability of software. And stacked stereo will continue to be the way to go.

Later on this month, the National Association of Home Builders Convention will find most major appliance producers displaying their wares. And most of these manufacturers are expecting the new year to be the biggest appliance sales producer in a decade.

The replacement cycle is expected to come full circle which means excellent sales on refrigeration and laundry equipment and good volume in ranges. A resurgence in microwave oven activity will add to the overall growth and the great air conditioner year in 1983 should set the stage for a record year across the board.

All told, 1984 should put a lot of smiles on a lot of industry faces and we can't wait to share the joy.



From the Capital

Merchants turn to congressional hearings for issues that statutes may not resolve

When Congress reconvenes Jan. 23, it will have on its agenda a number of items that will affect the U.S. retail business. But perhaps more important than any piece of legislation is the way merchants have increasingly discovered how to use the forum of a congressional hearing to turn national attention to issues that may never be resolved by a new statute.

All eyes in Congress will be focused on the November presidential election, which means that the more controversial a proposal is, the more likely it is the lawmakers will try to avoid voting on it. That means that major pieces of a national economic agenda—deficit-reducing components such as higher taxes and reduced spending—are likely to get bottled up in the legislative process and never get a yes or no vote.

Some bankruptcy reform legislation should get through Congress, but it is not expected to contain new curbs on consumers declaring personal bankruptcy—curbs that the consumer finance industry dearly wants.

And chances are no more than 50/50 that the immigration reform measure will be added to the law books; if it is, stores will have to begin making sure that those they hire have a legal right to work in the U.S.

But if legislative activity will slacken off, investigatory hearings should be on the increase, because they can garner headlines and television ex-

posure for lawmakers running for reelection. The way they can be orchestrated by retailers was made evident in the final days of the first session of the 98th Congress on two separate matters:

- Appliance retailers used the Senate Small Business Committee to complain about what they deemed unfair competition from public utilities. With support from the Small Business Administration, they argued that increasing diversification from utilities threatens small outlets, and asked that Washington lay down guides which state regulators could follow in decreeing what sort of retailing is appropriate for utilities and, where it is allowed, a recommended pricing structure.

- Discounters went before the House Government Operations Committee's panel on commerce to try to goad the Federal Trade Commission into taking a more aggressive stance against manufacturers' curbs on distributors, especially attempts to dictate retail prices. Officials from K mart and Best Products complained that the commission is rebuffing staff attempts to probe allegations of unlawful resale price maintenance, but FTC chairman James C. Miller III countered that manufacturers now have greater freedom to refuse to deal with price-cutters, and he invited the stores to bring their own antitrust suits if they thought they had good evidence of illegalities.

Such hearings may not produce the

same kind of clear results that legislative hearings do, but the "oversight" function can spur public debate and get business much more attention than it could making the same charges in any other forum.

SHORT TAKES: The Consumer Product Safety Commission announced that Electro Signal Lab is recalling almost a half million smoke alarms—marketed under the ESL, Aritech, ADT and Edwards brands—because some may fail to sound off in case of fire...For the first time since the federal government got involved in backing home loan mortgages, interest rates will not be set by Washington edict; the new housing law provides for Federal Housing Administration mortgages to bear a rate determined by the market...By mid-February, dishwashers will have to carry revised annual energy cost estimates; the Federal Trade Commission's new figures range from \$54 to \$90 for electric hot water dishwashers and from \$27 to \$52 for those that use gas-heated water—up more than 15 percent from the levels in use since March 1980...Kero-Sun, Inc., the kerosene heater importer, was ordered to pay its Wisconsin distributor, J.D. Sales, \$88,000 in penalties for not living up to the terms of an agreement hammered out under court jurisdiction when J.D. complained about Kero-Sun's plans to sell the heaters through a catalog store.



Patricia Monahan

Resolve to be prepared for the '84 computer market

Cross off that New Year's resolution to abandon the computer industry. I know that it may be the easiest and perhaps the only one some mass marketers can keep, but they would be better off concentrating on losing weight and quitting smoking.

Of course, though, it is easy to see why retailing computers may top the list of things not to do in 1984. The mass market has been battered by the manufacturers. Apple and IBM remain way out of the league, yet their

mere presence in the industry hurts the lower end. Atari and Coleco have trouble making shipments. Commodore can't produce disk drives. And the mass market's mainstay—Texas Instruments—has kissed the home computer market good-bye. As a result, profit margins are nil and customers are far from satisfied.

Consumers' attitudes haven't helped the mass market either. They expected a lot more than they got from the no-frills computer and were quickly disillusioned. They also

seemed to expect too much from retailers—after all the department store isn't a classroom for Introduction to Computers 101.

But the mass market has made a lot of mistakes too. It jumped in with both feet without testing the water. It mistakenly thought that computers could be retailed like toasters. It brought in inexperienced sales help. And it was looking for a quick turn.

Maybe 1983 wasn't the year to get into the home computer market. Unfortunately, our hindsight is usually more accurate than our foresight.

Learn from your mistakes

Oscar Wilde once said that experience is the name everyone gives to their mistakes. So chalk up 1983 to experience. In 1984, instead of turning your back on the market, take advantage of what the market offers to help retailers.

Face it, the only way the mass market will be successful in the computer market is if it puts in time, effort and money to make it work. By that I mean taking the time to properly train employees, taking advantage of merchandise displays from manufacturers and establishing better relationships with the manufacturers.

There are many out there who realize the plight of the mass retailer. Just walk down the aisles of the Consumer Electronics Show to find out. Software distribution companies, like Softeam, have developed sales training programs for retailers.

Several independent companies are forming to help retailers choose software. ViMart provides the retailer with the terminal showing an actual display of software, charts and the software stock. Other companies, like Peachtree Software, offer talking displays for stores. People are trying to make life easier—for me, the consumer, and for you, the retailer.

And remember, the public as a whole is becoming more computer-literate. Retailers may garner good profit margins by stocking a good library of computer books. Perhaps after reading the books purchased in your store, consumers may come back and buy the computer. (Stay away from the Unofficial I Hate Computers Book, though.)

You might want to spend your time at the CES this year finding out what the computer market can do for you. But first, I think the mass market will have to show that it's willing to take on the responsibility that selling the technology needs. I think images on both sides of the fence could use a little polishing.

So instead of tossing off the industry, make a few resolutions to be better prepared for the computer market. And also, throw away the cigarettes and turn down that second piece of chocolate cake. ●

Editor's Note: With next month's issue, sr. associate editor Michelle Tomasik will take over the computer beat.

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CES Booth #6058 West Hall

Electronics
Furniture
page 28

1984 arrives with promise for the computer, video, audio and telephone industries at CES

Welcome to 1984. While the high-tech world that George Orwell foresaw in his book named after this year has, in some ways arrived, it did so benignly, without the ominous undertones that were predicted.

No, Big Brother is not watching us. Instead, we are using the same technology to watch Raiders of the Lost Ark.

And computers, far from controlling our every movement, are helping to enrich our lives.

Nowhere is all of this more apparent than at this month's Consumer Electronics Show in that most un-Orwellian of settings, Las Vegas. For here, spread out before us over an amazing 725,000 sq. ft., is one of the best pictures of where our culture has taken us. It's not 1984 as Orwell saw it, but a better, brighter year in which anything seems possible.

As for the CES itself, this show looks to be one of the most exciting to date. Following a sell-out season in

which everything from computers to VCR's moved in record numbers, this event should witness some major new product announcements, marketing changes and other news as the industry fine tunes itself for the future.

Computer software evolves

Obviously, one of the most exciting categories is the computer. Although badly maligned by some, it redeemed itself by virtually selling out as Christmas approached and is entering

the New Year with its reputation revived.

Much of the news at this show should be centered around the software end of the business as publishers work to eliminate the ubiquitous consumer question, "What can a computer do for me?"

Thankfully, that one's getting easier and easier to answer as self-help programs allow computer owners to perform a variety of functions. These include planning a jogging schedule with Jim Fixx (MECA), doing an aerobics routine (Spinnaker) or successfully navigating the horrors of a diet (Computer Software Associates).

And the best of these titles are not just books rewritten to appear on a CRT. They truly give the end user the capability to do something that he could not have done without a computer.

Meanwhile, games have evolved from the strictly shoot-em-down space-age fantasy genre into more strategy-oriented titles. These include CBS Software's Mystery Master, Spinnaker's Trains and Epyx's Silicon Warrior—an introspective tongue-in-cheek look at the computer industry itself.

Finally, the amount of software aimed at preschoolers is proliferating, seeking to ensure that no member of the younger generation will face the embarrassment of being the only computer illiterate in kindergarten.

On the hardware front, our computer editors are not expecting to see a lot of major introductions at this show. It seems that in light of past failures, the manufacturers want to be sure that they can manufacture and ship a product before they make an announcement—a more than welcome change.

One new product, however, is expected to be Commodore's latest unit, predicted by some to be priced in the \$400 price range and offer competition to the Coleco Adam and low-end IBM PCjr in the nebulous "middle market" that is forming.

And still the industry holds its breath, waiting for the PCjr actually to hit the streets. Although the unit did not appear to stifle Christmas sales, as some had feared, its actual arrival sometime this quarter is bound to have a major effect on the industry as a whole. Many think it will provide a stabilizing factor, and welcome its arrival.

Already, we've seen Coleco and Atari announce price increases for this month. And rumors are rife that the Apple II, in one form or another, is about to be repriced and repositioned for the home market. Other actions and reactions are sure to follow.

As for the videogame, that superstar of years gone by certainly has lost its lustre. Atari is now working to reposition the product, in part, as a learning tool for toddlers. Otherwise, its glory days appear to be long gone.

Video sales boom

Another booming category is video. VCR sales soared last year to levels that far outpaced anyone's predictions. And the momentum does not show signs of abating.

In fact, if anything, it's being fueled by new low-cost models, such as Sanyo's \$369.95 Beta unit, and innovative products such as Beta-movie (watch for the VHS version

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VHS version soon). At the same time, Zenith's expected shift from Beta over to VHS should throw some more spice into the market.

Blank and prerecorded tapes are riding on the coattails of the hardware. In blanks, we see new firms such as Kodak and Polaroid gearing up for major marketing thrusts. And companies including JVC and Sony are making headway in increasing their penetration.

Pricing is the big news in prerecorded tapes. With Raiders of the Lost Ark currently breaking all records at \$39.95, fast on the heels of Flashdance and other low-priced titles, a new strategy seems to be taking over.

The same holds true in CED videocassettes where CBS/Fox has just lowered the price of 225 of its 300 titles to \$19.95, which many dealers consider to be the "magical price point" for moving product in quantity.

Meanwhile, the TV, the all-but-forgotten workhorse of the video boom, is on the threshold of a technological and cosmetic makeover. As RCA and other companies unveil their "flatter, squarer" tubes for 1984, a new standard is being set for the Nineties.

Audio goes digital

The audio business is banking on the digital revolution to put it back on the growth curve. And so far, so good. Although product is limited and high priced, it's surprising what portion of the general public already is aware of the new format.

And prices are starting to fall as second-generation products make their debut. Yamaha, for one, will show a \$649 unit this month, roughly half the price of its first model.

This show will also see the compact disc make its first tentative steps into the car stereo category, a solid move in establishing it as the format for the future. Next year, the boombox?

Also in car stereo, we find more companies hustling after a larger share of the pie. Many of those that

were strictly high end (i.e., Blaupunkt) are moving in with lower-priced goods while some that were mainly at the other end of the market are showing more expensive product, all seeking to become full-line suppliers.

No longer on hold

The telephone industry, just past the D-Day of divestiture for AT&T, is poised and ready for growth. Ma Bell's breakup is providing increased consumer awareness that can only add up to more sales for the phone manufacturers.

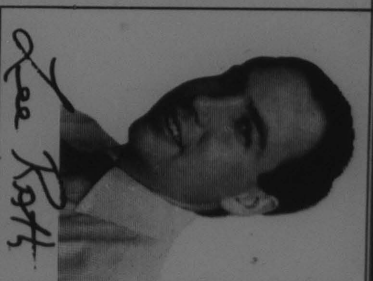
Already, the market is segmenting into two tiers. At the top are the high-quality expensive phones (although prices here are expected to

start dropping). On the other side are the low-cost units of dubious value (buy one, get burned, never again). Watch for a shakeout on that end.

Meanwhile, most cordless phone manufacturers seem to be sitting on their new products, waiting for the FCC to approve the additional channels the industry needs so desperately. June introductions are expected.

So Orwell was wrong. Technology has not become our master, a tool in the hands of those who would control us. Instead, it offers us entertainment, education aid and (lest we forget) increased sales—in 1984.

Information for this column was gathered by Lee Rath, Stephanie Flory and Patricia Monahan.



Lee Rath

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FREE QUASAR VCR's were offered to the first 212 people who spent \$449 on a Cabbage Patch doll at Tops Appliance Co., Edison, NJ. Les Turcotte, president, hired 16 guards and two ambulances to stand by for the one-day promotion. "People are dying to get these dolls," he said. Tops bought them for \$50 each, marked them up to \$449 and threw in a Quasar.

VIDEO & AUDIO

Add class to TV's and computers with stylish furniture

By Marilyn Nason, contributing editor
HIGH POINT, NC—Furniture means profits. Retailers of everything from computers to TV's to microwave ovens know that. And it now looks like more and more furniture manufacturers are catching on as well.

While electronics furniture has long been the domain of a relatively small group of vendors, last fall's Southern Furniture Market saw a virtual explosion of product. Manufacturers, new and old, exhibited products ranging from KD units made of fiberboard, plastic or tubular steel to mammoth pieces in solid cherry, oak and mahogany.

Traditional styling was by far the most popular, especially in the mid-to-upper price ranges. But modern, Scandinavian and even some Early American furniture was also on display.

If an overall trend was in evidence, it was towards creating a "home office" that a retailer could sell in conjunction with the computer equipment he already carries.

"Some retailers told us they plan to eliminate the conventional merchandise shelves, gondolas, etc., replacing them with this furniture. They will then strive to sell it as a total package, including the furniture," reported one manufacturer.

For a look at some of the introductions spotted at the Southern Furniture Market, read on.



Sligh Furniture, Holland, MI, unveiled the Think Tank (\$3,000). A full-scale wall system, it comes in classically styled English mahogany. The center section is capable of housing a complete computer system. A slide-out desk holds the keyboard, and special shelves on the twin doors are

designed to hold peripherals and provide additional work room. Special lighting is available.



Harden Furniture, McConnellsville, NY, unveiled a solid cherry TV cabinet (\$650) that is designed to resemble a traditional four-door chest when closed. The unit features a swivel stand inside.

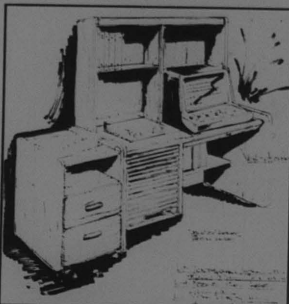


Amisco Industries, Ltd., L'Islet, Quebec, Canada, brought out a computer desk of 1 1/4-in.-diameter 16-gauge steel tubing (\$140). It sports a 5/8-in. melamine top and is available in a wide variety of colors.



C.C.I. International, Houston, TX, debuted a traditionally styled oak roll-top desk (\$1,100) redesigned for the computer age. It features side

drawers, an undershelf pullout for a disk drive or other equipment and a pullout rack capable of holding a printer.



Mobilia, New York, NY, brought out a line of Danish-made home office units (\$198 to \$210). Included are work stations, computer desks, home entertainment walls and flexible storage pieces. All are done in solid/veneered woods in teak, dark stained oak or natural light oak finishes.



American Drew, a division of Ladd Furniture, Inc., High Point, NC, introduced the Cherry Grove Collection. It includes an electronic cabinet (\$875) with a pullout swivel TV shelf, brass album storage rack, tape storage drawer and adjustable/removable shelving to accommodate other equipment. An optional deck (\$596) can be added to the top. It offers bi-fold doors, grounded electrical receptacles, a phone jack and adjustable/removable shelving. Both are available in American casual in ash or Colonial English in oak.



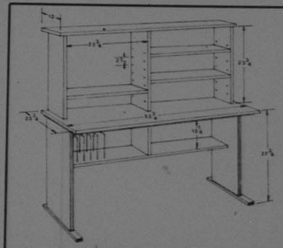
Artisan House, Inc., Los Angeles, CA, introduced an unusual executive work center (\$1,600 in satin brass, \$1,500 in brown vinyl) designed to enclose a personal computer and its accessories in a single, sleek storage unit. The 28-in. diameter column can

house a keyboard, floppy disk drives, monitor and printer. It also features a swivel work light (optional), internal power strip, security lock and easy movement glides.



Riverside Furniture Corp., Fort Smith, AR, debuted a home entertainment center (\$770) with a contemporary light oak cabinet. The unit holds a TV and other video equipment on one side and stereo gear on the other. The TV side features a swivel shelf. The stereo section offers a flip-up top to allow easy access to the turntable and tinted glass doors keep the equipment dust free.

Mersman/Waldron Somers Corp., Celina, OH, introduced a computer desk (\$400) with a removable right top section to allow room for the keyboard and/or a monitor and other peripherals. It is made of solid oak with matching veneers.



Case Manufacturing Co., Greensboro, NC, showed a 54-in.-wide KD desk (\$129.95) capable of holding an entire computer system. It sports chrome dividers for manuals, a paper shelf, chrome-plated foot glides and chrome undersupports.



Harris of Pendleton, Pendleton, OR, showed a computer desk (\$219.95) in a solid hardwood Capri light finish. It sports rounded edges, casters and a semi-detachable monitor stand. This is the first piece in a planned line of computer furniture.

Taylor Woodcraft, Inc., Malta, OH, showed the Obie Series, home computer furniture in a modular design. These pieces are done in natural maple with a non-glare poly finish and rounded corners.

Electronics furniture firms unveil new models at Comdex/Fall '83

LAS VEGAS—Although Comdex/Fall '83 was far from a furniture show, a number of manufacturers with names more familiar to electronics dealers than those above were in evidence.

Bush Industries, Inc., introduced two new systems, reported Kevin Opferbeck, manager of product development.

One, the CT170 series, in solid oak, consists of five pieces: a printer stand; corner connection; desk; hutch, and optional locking doors. The complete system sells for between \$750 and \$800 and offers such features as tiltable monitor and keyboard stands, drawers and a "clean back" that hides cables.

Also introduced was the CT140 series in pecan vinyl veneer. It includes: a desk with lockable doors; hutch; corner connections; printer stand, and separate terminal table.

O'Sullivan Industries, Inc., showed nine new units, as described by Tom

Riegel, national sales manager.

They include two promotional desks, the CT756 for \$59 and CT758 for \$79, both in a walnut grain finish. The desks also are available in almond. Model CT754 is a \$179 hutch in cream and natural wood. Model CT760 is a \$200 work center in walnut grain. It is available in almond as well.

Also introduced were a printer stand, model CT761, \$100, in walnut grain; a light hickory desk, model CT752, \$159, a matching hutch, CT753, \$100, and a walnut work center, model CT764, \$159. All will be shipped in February.

Gusdorf, which was represented at the show by Michael Yanniello, southern regional manager, showed no new products. The company's line has remained stable since June.

"Computer furniture sales have grown tremendously in the past year," Yanniello reported. "We offered our first computer table in 1980. Our line now consists of 13 different models."

NEWSLINE VIDEO & AUDIO



RCA's color tubes provide larger viewing areas



High contrast is achieved with GE's blue-tint tubes

unit equipped with this built-in device will not function after it is stolen. The system must be built into existing products and adds about \$5 to the cost of manufacturing a unit. Items with the Kaish Circuit Lockout system will be imprinted with an identifying logo or label or identified by a window sticker.

The Kaish Circuit Lockout system is an electronic coding program which can be applied to microprocessor chips. The system uses three different digital codes, two of which are applied at the factory. The third is a "personal" code of owner's choice. This is a series of digits which the owner can insert via the product's pushbuttons, dials or other controls. The code can be changed by the owner as often as he likes.

Once fully programmed, if a unit is disconnected from the power source or otherwise tampered with, it will never operate unless the proper code is entered. For an unauthorized user, it would take an IBM mainframe computer 34,000 years to run through the one trillion possible combinations employed by the system, noted Norman Kaish, president. The system can be built into VCR's, car stereos, televisions or virtually any electronic product. The microprocessor chips will be available for license to manufacturers in the second half of the year.

NEW YORK—RCA has developed a new design for color picture tubes that produces larger viewing areas and a screen that is both squarer and flatter in appearance. The new tubes represent the first major change in industry screen sizes in 13 years, according to Jack Sauter, group vice president.

The new deluxe 26-in. (diagonal) color picture tube will be available to TV manufacturers in July. In 1985, a premium 27-in. color tube that provides a wider viewing angle due to its flatter design will be presented. Both new tubes have 110 degree deflection angles which allow more compact receiver styling. "The tubes present the television industry with an opportunity to introduce cabinet designs that are as advanced to the consumer's eye as the technology inside the receiver," Sauter said.

The two new tubes are called the Coty FS (Full Square) and Coty SP (Square Planar). "Visual impact is needed to continue consumer demand of TV's," Sauter said. "The new picture tubes will become the standard on sets in the '90s," he predicted.

KNOXVILLE, TN—Magnavox has lowered prices on its four compact disc players, effective immediately. The new suggested retail price for the Magnavox FD 1000SL and FD 2000SL models will be \$699, a \$100 reduction. The recently introduced FD 2020SL player will be \$749, also a \$100 price cut. The firm's top-of-the-line FD 3030SL player will be reduced from \$950 to \$799.

"The compact disc digital audio system has created great excitement among consumers at the retail level," explained A.J. Menozzi, director of audio sales. "The first stirrings of price competition in this new product category have emerged. To remain competitive in the marketplace, we felt a price reduction was necessary," he said.

PORTSMOUTH, VA—General Electric's Video Products Div. unveiled a high contrast blue-tint picture tube and a lineup of televisions incorporating the tubes. A consumer sweepstakes will help launch the line. The new Neo-Vision tube incorporates glass containing neodymium oxide, a rare earth element that absorbs ambient room light. The results are high contrast and deep, rich colors unaffected by brightness in the room. This produces an unusual-looking, blue-tinted screen when the set is off, GE said.

The Neo-Vision tube will be introduced in nine GE models in the Command Performance and Performance-Plus series. To promote Neo-Vision, GE has launched an in-store consumer sweepstakes promotion in 50 markets. The "Birth of the Blue" (blue tube) sweepstakes offers consumers a chance to win such prizes as a blue Mustang convertible, trips to "blue" Hawaii, Neo-Vision "blue tube" TV's and sets of blue Wedgwood china.

A newspaper insert will contain a game card with a scrambled message that a player can decipher only at a participating GE video dealer. By placing the card under the blue-tube display at point-of-sale, the player can read a message which names either a price or a discount off the purchase price of a Neo-Vision TV. Discounts range up to \$100.

NEW YORK—Platt Music Corp. will manage the consumer electronics and computer departments in Bloomingdale's stores beginning this May in New York, Bergen County, Short Hills, Chestnut Hill I, Fresh Meadows, Garden City, King of Prussia, Stamford, Tyson's Corner, White Flint, White Plains, Willow Grove and Valley View. It will also operate these departments in the new Miami Bloomingdale's opening in the fall.

Presently, Platt operates leased departments in 107 stores, including the May Co. in Los Angeles, Diamond's and Emporium Capwell. The Bloomingdale's venture is Platt's first with a division of Federated Department Stores. The expansion of the electronics departments in all stores will allow both companies to grow in the market.

NEW YORK—CBS/FOX VIDEO has reduced the price of its CED videodiscs to \$19.98, effective immediately. The move affects 225 of the studio's 300 titles, according to Len White, senior vice president of sales and marketing. Pricing remains the same on titles which consist of double disc offerings.

"We feel that \$19.98 is the price point needed to stimulate the market for both software and hardware," White said. Pricing of the laserdisc offerings will remain the same for the time being. Distributors with current CBS/Fox Video inventory will be able to make the appropriate financial adjustments as this new pricing policy is implemented. White believes that this pricing plunge will rapidly slow down the CED rental market and help give sales a massive increase.

To promote the new \$19.98 price, point-of-purchase banners are available to retailers. A print media campaign will begin this month.

COMPUTERS

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Portables may nab 25% of computer sales as vendors slash prices, fatten ad budgets

By Patricia Monahan, associate editor
LAS VEGAS—New entries, slashed prices and increased advertising budgets are setting the stage for an explosion of the portable computer market.

Exhibitors at Comdex/Fall '83 speculated that portables would soon grab 25 percent of the computer market. And while some vendors are sticking to the traditional target markets of mobile professionals and service industries, others are looking to grab part of the home computer market, particularly first-time users and college students.

Several familiar electronics companies such as Panasonic and NEC introduced portables. And others with products in the market, such as Kaypro, Sharp and Teleram, have cut prices.

The result has been a redefinition of a competitive price point. Although prices range from \$800 to more than \$3,000, vendors said the most attractive area is between \$1,595 and \$2,500, where many of the portables are now priced.

And although prices are coming down, it may be awhile before mass merchandisers can get their hands on them. In the meantime, stores such as Dayton's and the Federated group as well as computer specialty stores are expected to carry the bulk of the portables in the retail market and transact most of the volume.

Targets first-timers

One company hoping to expand the market for portables is NEC Home Electronics U.S.A., personal computer division. NEC plans to target the college student and the first-time computer buyer with its battery-operated 8200 portable. With a suggested retail of \$799, the 16K model is expandable to 96K. The unit includes a monitor and is bundled with 14 business, utility and entertainment software packages.

"People have a great fear of computers, but this product will help them overcome that because everything is contained in one package," explained Tom Priestley, general manager. He emphasized that usability is key—even more so than portability—

to why this product would appeal to first-time buyers.

The portable also will appeal to retailers, continued Priestley, because of its compactness. It will be sold in Bamberger's and Federated operations and will be test marketed in Macy's Herald Square as well as in computer specialty stores.

Another manufacturer of portables planning to grab a niche in the home computer market is the one-year-old Commuter Computer Corp., according to president Bob Meyer. With a base price of \$1,995, the Commuter is Apple CP/M compatible. An IBM expansion card should be available in the summer of 1984 for \$500.

"We hope to attract the small business and home computer market. The product is designed with the home in mind. The Commuter easily connects to the television, and a joystick is available to play games," said Meyer.

However, he emphasized, "We would really like to market toward the business segment. But anyone looking for a home computer would be interested in the Commuter."

He added that the computer also



TELERAM CUT THE PRICE of its four-line portable by \$900. The new price point of \$1,595 should put it in the retail market, says Tom Mucciolo, marketing manager.

should be attractive to retailers because of its compatibility with IBM and Apple. "Retailers can honestly tell consumers they don't have to worry about software. And the dealer doesn't have to worry about stocking software specifically for that type of system."

Meyer noted that the company has no plans to bundle software with the unit. "By doing so we would decrease add-on sales for the retailers," he said.

Panasonic will stay away from the home computer market, targeting corporations, small businesses and data processing and management information system managers with its Sr. Partner. The system runs IBM-compatible software. To be available in March, the portable has 128K memory and will retail for \$2,500.

"The Sr. Partner will not be sold through mass merchandisers," said Ed Gelb, national sales manager, Panasonic portable computers. He added, "We will look for various additional retail and market outlets. But for the present, Panasonic will introduce the Sr. Partner through computer specialty stores and office product-type dealers who already are involved with computers."

Gelb said Panasonic was limiting



THE FIRST-TIME BUYER and the college student are two target markets for NEC's \$799 16K portable, reports Tom Priestley, general manager. He adds that usability is the key to the product's success.

distribution to approximately 800 dealers. These include ComputerLand, Sears, Dayton's and some Computer Depot locations.

Sharp slashes prices

Meanwhile, Sharp Electronics, considered one of Panasonic's competitors, announced that its PC5000 portable, introduced last May, would be available for \$500 less than the previously announced price.

"The \$1,995 price plan positions the PC5000 even more aggressively between comparative transportable devices in the \$3,000-plus range and the \$1,000-plus range for notebook-type units," explained Frank Barbosa, general manager, computer systems division.

The unit features a variety of software available in either diskette or bubble format. The display offers eight lines by 80 columns. A printer and modem are optional.

Barbosa said that market-wise, today's portables are where personal computers were a few years ago. "I think we're on the verge of an explosion in this market," he added.

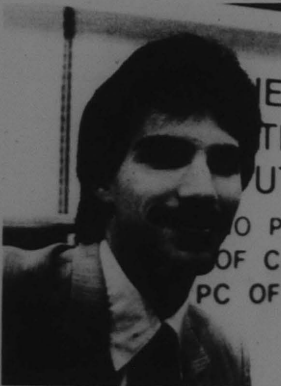
Sharp's target market is clearly defined, continued Barbosa. "We're trying to attract the mobile professional." Shipments will range between 25,000 to 50,000 and already have been started to authorized Sharp dealers.

Teleram cut the price of its four-line portable by \$900 at Comdex. The new \$1,595 price point should put them in the retail market, said Tom Mucciolo, marketing manager. The company also introduced two new portables. An eight-line model will retail for \$1,995 and a 16-line model will sell for \$2,495.

"We have positioned ourselves right in the middle of the portable market. We're not totally low end, but we're not an 'ooh-aah' product either," explained Mucciolo.

"We are targeting field personnel and other vertical markets," he said. Mucciolo did not rule out distribution to retail markets, saying, "We would consider distribution to a system type

(Continued on page 69)



IBM AND APPLE compatibility is the big feature of the Commuter, a new portable from the Commuter Computer Corp., says president Bob Meyer.



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COMPUTERS

Computer software needs better documentation: Gates

By Anthony Randano,
special sections editor

LAS VEGAS—Greater ease of use and more immediate recognition of benefits by potential buyers are needed if software is to live up to the "visions manufacturers have for the industry."

That's the word from Microsoft president Bill Gates, keynote speaker at Comdex/Fall 83 here. "The difficulty of using today's packages is unacceptable," he noted, and signaled several changes that would soon be coming in software:

- Fewer commands. Gates noted that 150 terms are used in most software manuals to teach just five applications. "This must be brought down to 20 terms and no more if we are going to broaden our audience."
- English commands.
- Easily understood metaphors. More simply put, software of the future will contain a "model" that will easily explain to a new user how the package is used. "This should be natural," said Gates, "and draw on the user's existing knowledge. We must create an electronic analog for the user's experience."
- Immediate visual feedback. For example, if the user wants something to be underlined or printed in italics, the screen will show this.
- Icons or pictures. These will "be of critical use to users," said Gates, "since they are more understandable and communicate much faster."
- Speed. Gates noted that "anything that takes more than one-tenth of a second causes the user's mind to wander."
- User predictability. "Users want to know how the product will behave in given situations."

• "Undo" commands. These will encourage experimentation since users will be able to erase mistakes easily. Gates insisted that all software packages soon will have this feature.

In addition, Gates noted that future software should not force users to do things repeatedly. For instance, if a word or phrase must be printed in a document several times, the user could have it typed with only a short prompt.

Gates also predicted that mice or similar pointing devices "will become dominant. These coordinate a simple user motion with what is seen on the screen. But the mouse requires software and we will see more developed for it and other friendly interfaces," he said.

Another development in software

will be the increasing proliferation of "windows" that take full advantage of the screen.

Following Gates was Jack Scanlon, vice president of the processor and software systems division of Western Electric. He said that the industry would soon see the development of truly "portable" software. This will be used on micro, mini and mainframe computers by all manufacturers. Portability is coming, said Scanlon, because the industry has begun to accept certain standards.



GREATER EASE OF USE and more immediate recognition of benefits are needed for software, according to Bill Gates, president, Microsoft, and keynote speaker at Comdex/Fall 83. Eighty-thousand visitors walked 11 miles of exhibit space to look at the more than 1,400 exhibits.

Interface Group announces new Comdex trade show

LAS VEGAS—The Interface Group has announced that a third Comdex show has been scheduled. Comdex/Winter will be held from April 5 to 7 at the Los Angeles Convention Center. Comdex/Spring is scheduled for May 22 to 25 in Atlanta. The Chicago-based group announced an international show for 1985. Comdex in Japan is scheduled for March 26 to 28, at the Tokyo International Trade Center.

The Interface Group also said to watch for Byte computer shows, designed for the small systems user.



CBS Software dives into education market with 25 titles

By Anthony Rutigliano,
special sections editor

LAS VEGAS—Formed only last May, CBS Software is boldly increasing its offerings five-fold with the introduction of 25 to 30 titles at the Consumer Electronics Show here.

The programs will all be part of the rapidly growing educational software category and will be geared for computer users aged preschool to adult.

In conjunction with the Children's Television Workshop (developers of Sesame Street), the company is introducing three categories of software for school-age children—Know-

edge World, Strategy World and Design World.

Each of these programs will come with computer-keyboard overlays to encourage more friendly use of the machines by young children, said executive vice president Henry Kaplan, who is responsible for marketing, sales and product development.

"These will teach kids such things as geography, history, dinosaurs and other subjects," said Kaplan. The company also noted that the software will promote pro-social values, encouraging and rewarding communication, sharing and cooperation.

In addition, CBS is expanding its line of drill-and-practice programs,

adding some grammar products to its successful mathematics line.

Adult learning is being targeted through some "thoughtware" programs, said Kaplan. Courses of instruction will include speed reading and "management software geared toward self improvement. One program will help the user evaluate his management potential."

CBS went after the educational software market so aggressively, said Kaplan, because it didn't "want a sales picture like that in games. We want consistent sales month in and month out and think we will have this with educational titles. We are not looking for load ups and heavy promotions. We want to have product with a shelf life of years, not months."

The line, priced from \$34.95 to \$75.95, will support the IBM PC; Apple II and IIe; Atari 400, 800 and 1200 XL, and the Commodore 64. CBS also will be ready to ship product for the IBM PCjr during the first quarter.

Preschool programs will be available on cartridges; play and learning titles, in cartridge and disk; school and adult titles on disk only.

CBS Software will be active in promoting software authors and "building up brand awareness in association with authors. We want to promote the artists. It's something we learned in the record business."—Henry Kaplan, executive vice president

Datamost President out of mind.

At Datamost, we've got a president who knows the difference between "out of your mind" and having an "open mind."

So he's building a computer software company that knows how to get the most out of any mind.

Two years ago, when we began to publish the industry's first universally acclaimed system of computer software training books, we were told, "Datamost, you're crazy!"

So we published anyway.

Today, the hottest new software category is the computer Bookware market.

And guess whose books are the #1 best-sellers?

Yes, "crazy" Datamost.

Somehow, our craziness made good book sense. And good business sense. Because our book language is language that everyday people use when they talk everyday talk.

And Datamost talks Apple.* And we talk Atari:

And IBM.* And Commodore.* And Timex/Sinclair.* And T.I.* and more.

For every level of computer literacy. From people who know nothing. To people who know everything.

But our president wasn't satisfied. "Who says there's a limit to our craziness?" he demanded.

"I want to see the Datamost name on the freshest, brightest, most mind-stretching arcade quality home computer games the industry has ever seen."

And once again, we were told, "Datamost, you're crazy!"

But this time, we said "you're right."

So get ready. For games with original music for Apple, Atari, Commodore and IBM home computers. Coming to you. From Datamost.

Where the most open mind is alive. And well.

And crazy. Like a fox.

Ⓜ DATAMOST
The most out of our minds.™

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MASS MERCHANTS will sell software for the Apple and IBM CPU's as the installed base grows, says Henry Kaplan, executive vice president, CBS Software.

Kaplan suggested that mass merchandisers will sell software for the Apple and IBM CPU's as the installed base grows. "The question is selection. Mass merchandisers can carry packages that are selling strongly—hits—or those that don't depend on demonstration."

CBS will not promote productivity "utility" types of titles, said Kaplan. "Eventually, these types of programs will be bundled with the computers themselves."

He also noted that his company would be active in promoting software authors and "building up brand awareness in association with authors. We want to promote the artists. It's something we learned in the record business."

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Printer vendors hit new low price points; disk drives debut for a host of computers

By Lee Rath, editor

LAS VEGAS—Retailers who are weary of explaining to customers why a printer costs up to four times as much as their computer were handed some relief at Comdex/Fall '83.

Manufacturers announced substantial price reductions on many low-end printers and introduced both dot matrix and daisy wheel models that hit new lower-than-ever price points.

In disk drives, vendors revealed that they are rushing a wide variety of products to market, aimed at virtually every type of home computer now in use.

Following a sell-out Christmas in computers, these manufacturers agreed, 1984 may well become the year of the peripheral.

Printer prices plummet

One company committed to producing low-priced printers for the home market is Alphacom, Inc., which makes a line of dot matrix models. Prior to Christmas, the firm dropped the suggested list price of its model 42, 40-column, two-line-per-second universal printer to \$99.95 with an Atari or Commodore interface cable and \$119.95 with a Texas Instruments cable. The printer previously sold for \$119.95, cables for \$39.95.

"Our aim is to make the printer 'bundleable,' so retailers can sell it as part of a computer package," explained William Sobieski, vice president of consumer marketing and sales.

At this month's Consumer Electronics Show, Alphacom will reintroduce its model 81 80-column, 100-character-per-second (cps) printer with a suggested list price of \$169.95 through \$59.95. Although the unit was shown at the Summer CES, it was not shipped until November. An IBM interface will be available for the unit later this month.

Sobieski predicted that 1984 is go-

ing to be a tremendous year for printers. "It's usually the second peripheral a home computer owner buys, right after a storage unit," he said. "And with so many computers sold this Christmas, there are going to be a lot of people entering the printer market in this first quarter to add to their system."

"We're going to see more and more printers going into the home market," agreed Jack Hermanson, regional sales manager for C. Itoh Electronics, Inc. "People are getting to the point where they're replacing their typewriter with a computer. And this is a trend that's going to continue."

C. Itoh markets its 8510 120-cps, dot matrix printer through Leading Edge Products, Inc. It now sells for about \$500 in serial form.

Committed to making the printer easy for the retailer to stock and just

as simple for the computer owner to buy and install is Axiom Corp. The company's printers feature a built-in interface so that they can be connected directly to computers by Atari, Texas Instruments, Apple and IBM.

"For mass merchants, having the printer and the interface combined means that they have fewer sku's to stock," explained president Simon Harrison. "And the consumer is 100 percent sure that the printer he buys will work with his computer." One retailer, Pacific Stereo, was moving 1,000 units per month of one \$299, 30-cps, dot matrix Atari-compatible unit last fall.

The Axiom printers list from \$299 for the one Atari model up to \$629 for a color unit for the Texas Instruments computer.

Silver-Reed America, Inc., which currently offers the EXP 500 as its lowest-priced printer for a suggested

list price of \$599, will introduce the EXP 400 at about \$400 later this year. The 10-cps, daisy wheel unit should "open a whole new ballgame" in printers, according to Hector Roybal, manager of OEM sales.

"We're aiming for the home and business market, people who own IBM's and Kaypro's and computers in that league," he said.

Roybal maintained that most home computer owners currently are turning to dot matrix printers strictly because of price. "Graphics are fun, but people don't really use them that often. Speed also is not that important," he said. "What the home user wants is better quality and reliability."

Brother also hit a new low price point with the introduction of its HR-5 30-cps, dot matrix printer with a suggested retail price of \$249. The unit runs on batteries (so it can be used with a portable computer) or with an AC adaptor and can be operated either with thermal paper or a thermal transfer device and plain paper.

Gary Frager, district manager, in-

(Continued on page 70)

P-o-p selling aids relieve retailers' instruction burden

By Anthony Rutigliano, special sections editor

LAS VEGAS—Computer dealers' cries for helpful selling and training aids finally are being answered. Several exhibitors at the recent Comdex/Fall '83 introduced items designed to inform and pre-sell customers and reduce the amount of product knowledge needed by clerks.

Among the most innovative point-of-purchase selling aids at the show was the You Can Buy a Computer videodisc/computer program from Interactive Video Corp., Houston. The program contains an educational segment on the use of computers and describes hardware, software and peripherals.

When this video program is combined with the company's computer program for the Apple II or IIe, it provides a questionnaire that helps

customers and sales personnel determine computer needs.

"These programs can be tailored for individual stores to include the hardware and software titles they carry," said Interactive's director of operations Marjorie Lawrence. "We feel that this program creates a friendly atmosphere and a nice introduction to computers for those who don't know much about them."

The program provides customers with a printout of a "needs analysis" and a recommendation of the type of computer the customer should purchase. And to enhance user interaction, the program gives users a "computer I.Q. test."

The interactive feature of the video demonstration also allows consumers to skip over those parts of the program containing familiar information. The You Can Buy a Computer

videodisc/computer program sells for \$395. A computer literacy program called Operating the Apple II+ and IIe is available for \$295.

Speaks to customers

In marketing its accounting packages, Peachtree Software, Inc., Atlanta, had two difficulties to overcome: Retailers resisted it because they are afraid to carry very sophisticated, hard-to-sell packages; and customers wouldn't plunk down their money for it without a thorough presentation of its capabilities.

So the company developed Speechware, which works with its new Electronic Sales Unit. Running with an IBM PC, the triangular unit has 14 color-coded product demos and a speaker inside.

An introductory disk attracts attention and directs customers to a numbered diskette for product demonstration.

These demo disks use animated graphics, product screens and a digitized voice to explain and interact with customers. The demos run from three to five minutes, each using a different game or business problem to illustrate the features of the Peachtree product. The unit, which does not come with the computer, is priced at \$595.

Distributor provides training

The problem of training store sales personnel is being addressed by the distributor Softeam, Inc., Los Angeles, through its Tool Box program.

Priced at \$195, the Tool Box contains training materials and software. Some of the most important features are the Report Cards, which grade features of various computers, and Comparison Charts which outline prices and features for each of five generic software areas—word processing, accounting, spreadsheets, database management and communications.

The kit's software is intended to encourage dealers and sales personnel to get hands-on training using the software on a computer. It also includes a training book containing a course summary and giving dealers tips on training sales personnel.

Design educational software area to cash in on sales

By Anthony Rutigliano, special sections editor

LAS VEGAS—Establishing a separate, easily identified educational software department is essential for retailers hoping to cash in on the most

highly touted category in the home computer industry.

Unlike other categories, most educational software purchases are made by women who want the category isolated so they can shop more easily. Also, the department should be divided into preschool, elementary, high school and adult sections to allow easier product selection by consumers.

"Retailers must be able to help parents through the selection process without intimidating them," said Modie Katz, president of Soft-Kat Inc., Van Nuys, CA, which distributes educational software exclusively.

In business for less than one year, Soft-Kat carries about 500 titles from more than 40 publishers and distributes to more than 1,000 stores nationally. It is the principal distributor of educational software for the National Education Association (NEA) and participates in that organization's new software assessment program.

Soft-Kat performs its own assessments with the help of a specialist in educational software, Dr. Lawrence Lowery of the University of California at Berkeley. Programs are judged on

the basis of content, objective, presentation and interaction. Those scoring highly in the evaluation are listed in the company's guide. The best of these are included on Soft-Scope, a poster-sized chart touting the top 60.

"The NEA has taken our review guide and made it part of its assessment process," said Katz. "It soon will be issuing a 'seal of approval' which manufacturers can license and put on their products. This, we feel, is similar to the Good Housekeeping Seal and will help parents select the best educational software."

In addition to the establishment of a separate educational department, Katz recommended that retailers hold "Educational Computer Days" to promote their position in the category.

Katz predicted that preschool and adult educational titles will boom, and noted that programs for elementary school children are the best sellers right now.

He also said prices for educational software will remain stable through 1984. The average selling price for lines carried by Soft-Kat is \$39.95.



"RETAILERS MUST BE ABLE to help parents through the software selection process without intimidating them," says Modie Katz, president, Soft-Kat, Inc.

IBM's image could impact sales more than its new PCjr

By Patricia Monahan, associate editor
NEW YORK—Consumer perception of IBM's presence in the home computer market may have a greater impact on the industry than the PCjr itself, particularly the \$689 version.

Analysts who follow the computer industry recently told *Merchandising* that IBM's presence will create a better image for the battered market and improve overall sales.

They also predicted that manufacturers would use the price points set by IBM as umbrellas for the home computer market. This has already been seen, they said, with the price increases announced by Coleco and Atari.

Surprisingly, however, the PCjr may not be the big threat to other home computers that some originally thought it would. This is especially true at the low end, said analysts.

The "real" PCjr is the \$1,300 model, well above the price points of Coleco, Atari and Commodore. And, they added, IBM plans to address a small market segment—the person

who uses the PC at work and wants a smaller machine for home use. Some even predicted that the less powerful \$689 version may work its way into some form of the mass market late this year.

But analysts also warned retailers that IBM's presence could eliminate price slashing, and make the market more utility- rather than price-based. This could cause problems for the mass merchants who concentrate on lower prices.

Riding IBM coattails

IBM's entrance into home computers is expected to give the market a shot in the arm, according to many of the analysts. "The PCjr will have a stabilizing influence because of the IBM name and image," said Peter Davidson, an independent consultant for International Research Development, Norwalk, CT.

He added, however, that despite IBM's presence, the middle class isn't quite ready to spend \$1,000 on a computer. "But the IBM name does make it viable to buy a computer—so people will spend less money and get Atari's and Commodore's," Davidson explained.

The publicity surrounding the PCjr could particularly help the mass market, said Clive Smith, an analyst with the Yankee Group. "The mass market's role in home computers is dependent on hype to keep its momentum going. That from IBM will keep it running for quite a while."

IBM's presence in the market was also the catalyst for several manufacturers announcing price increases, said analysts. "In fact, the introduction of the PCjr was a bigger influence than the Texas Instruments pullover," said Chris Kirby, investment analyst, Sanford & Bernstein. "This will generate more interest in the market because people will be more confident."

"The PCjr made it easy for Atari and Coleco to raise prices. They're looking for a price umbrella—to sell at a level below IBM," said Davidson.

However, Norm Weizer, analyst, Arthur Little & Co., warned that this umbrella may collapse. "The home computer manufacturers will differentiate themselves from IBM with price. However, this will push IBM right out of their segment (the low end) of the home market," he explained.

Where does PCjr fit in?

Others said that the PCjr isn't in the low end of the market anyway, despite the competitively priced \$689 version.

"IBM isn't concentrating on the \$689 model, but is leaning on the enhanced version," said Kirby.

He added that production won't be great at the lower end, noting, "IBM has to position itself to dominate the most attractive part of the home market—the upper end. It will target people with PC's at the office who may want a second model at home."

According to Jean Ditsch, president, Talmis Consulting, the only real PCjr is the \$1,300 model. "Even IBM is telling its dealers not to order that many \$689 units," she noted.

Ditsch added that "sales of the enhanced version will sell 10 to one



PUBLICITY SURROUNDING THE PCjr could particularly help the mass market, which is dependent on hype to keep its momentum going. At last year's Comdex, attendees were given a hands-on demo of the \$1,300 PCjr model.

over the other model." She said that for someone who wants to spend \$600 to \$700, they will see they can get more with an Atari or a Commodore product.

The PCjr really doesn't undercut any computer on the market, said Davidson, adding that it will be aimed at the home and office user as well as upscale customers.

However, if the \$689 version does turn out to be the big seller, it could wind up in some form on the mass market, said Weizer. "If the \$689 model sells, it may cause interference in the computer specialty store. IBM could get static from store owners who would be losing money on \$689 sales while the \$1,300 model sits on the shelf." In that case IBM might be more than happy to release the low-end model to other retailers.

Not all the analysts, however, think that the IBM entry will impact the

Ad budgets for portables increase; vendors fight for name recognition

(Continued from page 64)

of store. However, the product doesn't lend itself right now to the mass market."

Vendors fatten ad budgets

A \$200 price reduction on its 800K and 400K portables was announced by Kaypro in August. This brings the prices to \$1,795 and \$1,595, respectively, said Jonathan Butler, promotions manager. However, an even greater effort to remain competitive has centered on the company's media blitz.

Until recently, Kaypro relied on word-of-mouth advertising, but has now launched a print and radio campaign as well as an award-winning television commercial. "We started advertising because we had the funds available. We needed name recognition," explained Butler. Kaypro also is offering co-op funds, paying up to 75 percent of the cost of retailers' ads, depending on the amount of Kaypro coverage.

To promote its new portable, NEC is planning print ads in computer magazines as well as in *Time* and *BusinessWeek*. Television ads will appear in seven markets, including Los Angeles, Chicago and New York. "They will be placed mostly around news and sports programs," said Priestley. He added that two percent co-op would be available to dealers.

Sharp announced that it would have newsprint, magazine, television and radio ads. Panasonic's campaign will be custom-oriented, with a direct mail

mass market, at least not to its benefit. "The PCjr won't affect it very much because it's a two-tier market," said Kirby who added that Atari and Coleco aren't high end. He warned that the PCjr could limit the potential in the lower price points and pre-empt sales in that area.

A similar warning was heard from the Yankee Group's Smith who said the low-end market may be jeopardized because it will become utility- rather than price-based. "The \$600 to \$700 price point is entry level for getting any real utility," he said.

"Price is inappropriate. It should not have been made a big issue in 1983," he added. "The significant question should be 'what can you do with a low-end machine?'"

And Smith said that if the market does become utility- rather than price-based, the mass market will be the focus of least attention.



PANASONIC WILL INTRODUCE the Sr. Partner through computer specialty stores and office product type dealers who are already selling computers, says Ed Gelb, national sales manager.

campaign. Print and media advertising will appear at the end of February.

However, not all companies are expanding their advertising budgets. "A big, national campaign would bring up the price of the system," explained Computer Computer Corp.'s Meyer. He added that advertising will start off slowly. "We hope to advertise our company originally by word of mouth," he said. "Like Kaypro."

New Releases In Software page 71

COMPUTERS

Timex plans to push telecomm benefits of its new \$199 TS2068 color computer

By Ken Coach, contributing editor
WATERBURY, CT—The Timex Computer Div., silent since the demise of the TS1000 computer, is getting ready to start shouting again. And the word on the lips of Timex executives is "telecommunications." That's one way the company is hoping to sell its new TS2068 color computer and maybe gain back the 28 percent share of the market which it once enjoyed with the TS1000.

The TS2068 began shipping last Sept. 23 for a suggested retail price of just under \$200. Timex sees its competition as not only Atari, the Commodore 64 and the Coleco Adam, but also hopes to attract potential buyers away from the IBM PCjr and the Apple IIe.

The company also has released the TS1500, an upgraded version of the TS1000 with a better keyboard and built-in 16K memory. That machine is being targeted for sale to the school market. Meanwhile, the original TS1000 itself is still in production and being sold to the premium market.

Ross is optimistic

In an exclusive interview with *Merchandising*, the vice president of operations for Timex, Daniel Ross, was optimistic. He dismissed any suggestion that the company has fallen behind in the home computer field and denied any dealer resistance to Timex computer products because

of the drastic price cuts on the TS1000.

"I think our relationship with dealers is as strong as it ever was," Ross said. "We always treated people with fairness in the midst of an upheaval in the marketplace."

He said his company has kept quiet about the new machines until now because "we felt the market had too much talk and not enough delivery," adding that Timex has been spending the past few months quietly producing.

This includes products aimed at positioning the company in the telecommunications market such as a recently introduced modem, which, Ross said, is easier to use than most and can be used to access any of the existing database networks. And there will be other peripherals coming for the TS2068 later this year, including a letter-quality printer and a mass memory storage system.

In addition, Timex is expected to have some 40 software titles available for its new machine in the near future and will continue to issue new programs in the months ahead. Third-party vendors are being encouraged to write software as well, and as many as a dozen are expected to be released at this month's Consumer Electronics Show.

To further support the product, the company is planning a national advertising campaign. Just how much

will be spent has not been disclosed, but Ross said it will be enough to "pull the product through retail."

Overall, dealer acceptance is expected because of three things, as outlined by the Timex executive: attractive profit margins; advertising support, and a large franchise with the customer. In fact, he said the company has already received hundreds of calls from customers asking about the new computers.

Encouraged by IBM

Although he wouldn't speculate on the effects of Texas Instruments dropping out of the home market, Ross was encouraged by IBM's entry into the home computer market.

The PCjr, he said, will help bring stability to the marketplace and probably attract people who had not considered buying a computer before. He pointed out that IBM was similarly able to expand the professional market when it introduced the PC.

The vice president is also hopeful that the confusion from past price wars may settle down with IBM in the home market. But he is quick to dispel any notion that Timex contributed to the price wars in the past.

"The TS1000 was always meant to be a literacy machine," he said. "The price spirals were not initiated by Timex, they were created by others. When price became a factor, however, we had to respond."



"OUR RELATIONSHIP with dealers is as strong as it ever was," says Daniel Ross, vice president of operations, Timex. The firm plans to position itself in the telecommunications market.

Ross indicated that Timex would respond to any price changes in the marketplace, but he said dealer margins would be maintained if price adjustments were made.

That, however, may not prove necessary. Both Atari and Coleco have announced price increases for the new year. That would leave the TS2068 well positioned to give the Commodore 64 a run for the money since both are about the same price.

In the short term, the dumping of discontinued TI computers may have set back Timex's re-entry into the market. But Ross said the company has already seen its demand exceed production. It will be mid-year before the company can catch up.

The confidence in the TS2068 comes after a major false start for Timex in the color computer field. At the CES in January, 1983, the company introduced a North American version of the English Sinclair Spectrum, dubbing it the TS2000.

But the company soon discovered that it would be virtually impossible to receive FCC approval for the new machine without major changes. While Timex redesigned a new chip to meet North American standards, it decided to overhaul other features which had received a lukewarm response at the show.

After a number of delays, Timex was barely able to get the machine out for the Christmas market. Meanwhile, the firm's silence and the delays had cooled enthusiasm for the new computer.

Nevertheless, Ross said, the company is committed to the computer industry, and he maintains that the TS2068 will not be the last Timex computer development.

While refusing to speculate on what could be coming in the future, Ross did say that the company is maintaining its "special relationship" with Sinclair Research in England and has first access to any technology developed by that company.

Sinclair Research has been working on a new computer, although details of the machine have been kept secret. This year, however, the company will be introducing a low-priced flat screen television in England. And there is speculation that technology could be used in the computer project.

But for the time being, Timex will concentrate on its new TS2068 computer. Summing up Timex's computer history, Ross concluded: "1982 was a year of introduction, 1983, a time for distribution expansion. And 1984 will be the year of telecommunications."

Low-cost printers aim straight for the home market

(Continued from page 68)

information systems and peripherals division, explained that this is Brother's first thermal printer. Previously, the company's lowest-priced unit was a \$599 daisy wheel model.

As an illustration of how printer prices have fallen in recent years, John Carr, Jr., product manager, Okidata Corp., pointed to his company's model 80 which entered the market less than five years ago at more than \$1,000. Today, it goes for \$299.

"Our less expensive printers have definitely migrated into the home market as other products have debuted," he said.

At Comdex, Okidata cut the price on its 82A 120-cps, dot matrix printer to \$349 from \$499 and introduced the 92A, a 160-cps model for \$599.

Meanwhile, Epson America, Inc., continued promoting its RX-80 100-cps, dot matrix model for \$299.

New disk drives debut

Manufacturers of disk drives also introduced new products at Comdex, counting on the rapidly expanding base of computers to fuel sales this year. However, this is still one area where consumer confusion reigns.

"It reminds me of the videocassette recorder market when the average consumer didn't know about the differences between Beta and VHS," commented Sid Gordon, vice president of marketing for Concorde Peripheral Systems, Inc. "But when the dust settles, I think we'll find the Winchester disk drive the standard for the more serious personal computer user and something in the three-in. area gradually taking over the home market."



HITTING THE MARKET NOW is Alphacom's 80-column 100-cps dot matrix printer with a suggested retail price of \$169.95, report Teri Pharis, retail sales manager, and William Sobieski, vice president of consumer marketing and sales.

Right now, however, Concorde is busily expanding its line from the Apple-compatible base it started out on when the company was formed last June. Products currently hitting the market are aimed at computers by Atari, Commodore, IBM, Radio Shack and Texas Instruments.

"Naturally, we've had tremendous

interest in the Commodore units," said Gordon.

Retailers looking for sophisticated peripherals for their Atari customers were introduced to a three-in. floppy disk drive by Amdek Corp. at Comdex. It is available either in a one-drive format for \$599 (\$550 for the first 90 days) or in a two-drive for \$850 (initially \$760).

"The drives include the DOS/XL operating system," noted product manager Jeffrey Maziarke. "They're aimed at serious Atari users."

Amdek will distribute software for the drives. Titles by Broderbund, Synapse and other companies already have been licensed. Or, users can operate the drives in conjunction with a 5 1/4-in. unit to boot any Atari-compatible software.

Finally, retailers can look forward to the entry of more and more companies into the peripherals field, including those carrying some familiar names.

One, JVC, announced at Comdex that it is entering the U.S. market with a line of OEM products this year. These include CRT's and data recording products. Merchandise will be sold under the JVC name at some point in the future, according to S. Shibuya, president of U.S. JVC Corp. Citing the company's 56 years of experience in audio and video technology, he said, "computer peripherals represent a logical step."

**Trendings in Computers
appears on page 14**

NEW RELEASES IN GAME SOFTWARE

COMPUTERS

GAMES

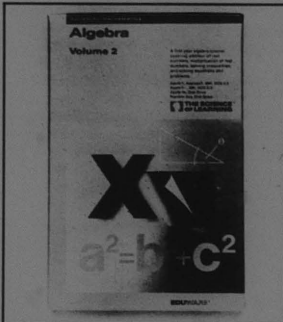
GATEWAY TO APESHAI, Epyx, Inc. Atari series-, Commodore 64-compatible. Available now. Suggested retail \$29.95.
GORGON II, Sirius Software, IBM PC-compatible. Available now. Suggested retail \$29.95.
MEGAMANIA, Activision. Atari series-compatible. Available now. Suggested retail \$34.95.
OIL BARONS, Epyx, Inc. Apple series-, IBM PC-compatible. Available now.
PARIS IN DANGER, Microcomputer Games, Inc. Atari series-compatible. Available now. Suggested retail \$35.
PITSTOP, Epyx, Inc. Atari series-, Commodore 64-, Coleco Adam-compatible. Available now.
PRISONER 2, Eduware Services, Inc. IBM PC-compatible. Available now. Suggested retail \$39.95.



SANDS OF EGYPT, Datasoft, Inc. Apple series-, Atari series-compatible. Available now. Suggested retail \$29.95.
SEAWOLF II, Epyx, Inc. Atari series-compatible. Available now.
SILICON WARRIOR, Epyx, Inc. Atari series-, Commodore 64-compatible. Available now.
STARFIRE, Epyx, Inc. Atari series-, Commodore 64-compatible. Available now.
STICKYBEAR BASKETBOUNCE,

Weekly Reader Family Software. Apple series-compatible. Available now. Suggested retail \$39.95.
T.A.C., Microcomputer Games, Inc. Atari series-, Apple series-compatible. Available now. Suggested retail \$40.
TYPE ATTACK, Sirius Software. IBM PC-compatible. Available now. Suggested retail \$39.95.
WARD NAVY, Sirius Software. Commodore 64-compatible. Available now. Suggested retail \$34.95.

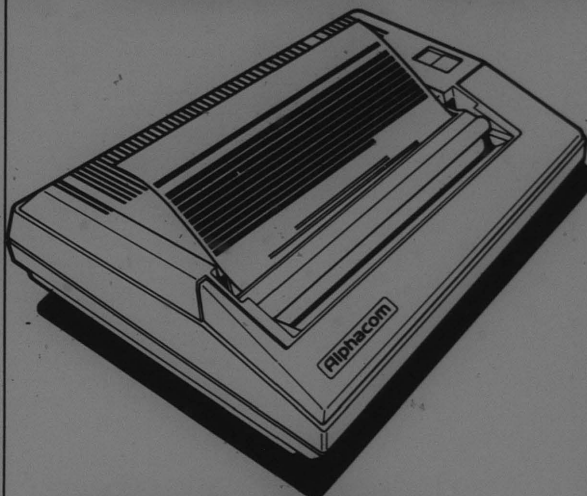
LEARNING



ALGEBRA VOLUME 2, Eduware Services Inc. IBM PC-compatible. Available now. Suggested retail \$39.95.
LEARNING BRIDGE MADE EASY, CBS Software. Apple II series-, IBM PC-compatible. Available now. Suggested retail \$79.95.
MASTERING THE SAT, CBS Software. Apple II series-, IBM PC-compatible. Available now. Suggested retail \$150.
MATCH-WITS, CBS Software. Apple Series-, IBM PC-compatible. Available now. Suggested retail \$29.95.
STICKYBEAR OPPOSITES, Weekly Reader Family Software. Apple series-compatible. Available now. Suggested retail \$39.95.
STICKYBEAR SHAPES, Weekly Reader Family Software. Apple series-compatible. Available now. Suggested retail \$39.95.
TRAINS, Spinnaker Software. Atari-, Commodore 64-compatible. Available now. Suggested retail \$39.95.

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TOP 10 TEN

... in videogame software

	Last month's position	Months on chart
1. Q*Bert (Parker Brothers)	1	5
2. Popeye (Atari)	—	1
3. BurgerTime (Mattel)	—	4
4. Pole Position (Atari)	2	4
5. Centipede (Atari)	3	10
6. Dig Dug (Atari)	8	2
7. River Raid (Parker Brothers)	—	9
8. Pitfall (Activision)	—	9
9. Enduro (Activision)	—	6
10. Miner 2049er (Atari)	5	2

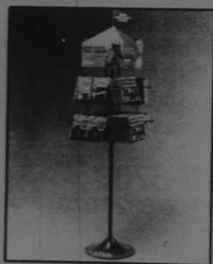
NEWSLINES COM- PUTERS



ViMart display system
lets consumers preview software



Ken Uston (center) gives tips
to Fun and Games team



Atari has display
for Sesame Street videogames

WASHINGTON, DC—Families will buy as much as \$400 million worth of home computer education programs this year, noted a report in American Family, the Washington, DC-based newsletter on family policy and programs. By 1990, two-thirds of the country's 70 million families are expected to have home computers, according to the survey. It is predicted that these families will buy home education software at the rate of \$3 billion or more annually.

CUPERTINO, CA—Apple computer customers can take advantage of an expanded revolving credit program designed by Apple and General Electric Credit Corp., a subsidiary of General Electric Co. The expanded program, which became effective Nov. 15, decreased the minimum credit purchase to \$200 from \$825. The agreement also allows customers to use credit to purchase accessories and software without buying an Apple computer. When the program was first initiated last July, customers had to buy an Apple personal computer and finance at least \$825 on an Apple credit card.

LOS GATOS, CA—Consumers can take software for a test drive before making a purchase, thanks to a software marketing display system from ViMart Corp. The display unit, requiring four sq. ft. of counter or floor space, uses regularly updated laserdiscs to present 30-to 90-second video and audio reviews of the top selling and fastest-climbing recreational software programs. Up to 150 titles can be shown for computers such as Apple, Atari, Commodore VIC 20 and 64 and the IBM PC. The display uses a menu format. Also available to the retailer is the ViMart Information Library, consisting of a buyer's guide, product reviews and the supplier index.

The laserdisc video display unit is available on a lease/purchase agreement of up to four years. Purchase price is \$5,995. Subscription price for the laserdiscs and Information Library is \$100 per month. ViMart is an independent computer software product review and marketing service company and is not affiliated with any software manufacturer or distributor.

PROMOTION PIECES—A \$25 rebate is available to any dealer who purchases a complete five-piece set of Gusdorf's oak or walnut modular 70-series Compu-Table from the firm. Distributors who sign up at least 12 dealers on the rebate program will qualify for funding from Gusdorf for sponsorship of local Compu-Table newspaper ads on behalf of these dealers...Through March, Premier Source Distributing offers dealers the chance to win a luxury vacation. For each \$1,000 purchased from Premier Source, a distributor of small business systems, the dealer's name is entered once for the monthly Vacations '83 drawing. Vacation trips include Tahiti, Las Vegas and the Grand Canyon... With proof of purchase of any five Spinnaker software programs, consumers can redeem "Spinnaker Money" for a free learning game. Money coupons are available on an attractive floor display packed with an assortment of Atari, Commodore 64, Apple or IBM software. A specially designed counter card is also available, featuring a tear-pad with the coupons.

NEW YORK—Casino operators breathed a sigh of relief when Ken Uston, reknowned blackjack player, decided to place his bets on the computer book market. Uston, who reportedly once won \$27,000 in 45 minutes, will now be busy writing a series of seven computer user manuals for Prentice Hall. Titled, "Ken Uston's 60 Minute Guide to Computers," the series will cover the Kaypro, Commodore 64, Apple Series, IBM PC and IBM PCjr, among others. The series is expected to be released this spring.

Uston also announced that his company, Fun & Games, has signed an agreement with Epyx, Inc. to manufacture and market its first software title—Meta Sequence—designed for the Commodore 64. Fun and Games plans to introduce several software titles in the future. In addition, the Fun & Games team, based in California, has signed an agreement with New American Library to write a guide for Coleco's Adam.

NEW YORK—Can Cookie Monster, Big Bird and Ernie save the sagging videogame industry? Atari thinks so. The company recently introduced the first in a series of educational videogames starring three of Sesame Street's most famous characters. Designed for the 2600 videogame console, the videogames were developed in collaboration with Children's Television Workshop and the producers of Sesame Street. "We hope to create and dominate a market niche," said David Ruckert, senior vice president, Atari products management.

The first three games are aimed at preschoolers and are played with a specially designed kid's controller, a jumbo-sized keypad. Game titles are Alpha Beam with Ernie, Cookie Monster Munch and Big Bird's Egg Catch. A fourth game, Oscar's Trash Race, will be released this month. Atari said educational videogames may be developed for school-age children but there are no plans to adapt the videogames for Atari's computer line. A special p-o-p display is available for the software. Suggested retail prices are \$30.95 for the educational cartridges and \$14.95 for the kid's controller.

MOUNTAIN VIEW, CA—In a recent survey, 30 percent of all hardware was purchased from mass merchandisers and 22 percent from non-computer specialty outlets such as toy stores or electronics stores. Conducted by Microcomputer Research Group, the survey found that 15 percent of 2,000 U.S. households own a microcomputer or have at least one member using a micro at work or school. The survey also found that "lack of need" and a resistance to "high prices" were the most common reasons given by respondents for not buying a computer. In addition, survey responses indicated that the typical home user expects to buy two productivity packages during the next 12 months, with word processing and filing programs being the top choices. Another finding was that the software after-market exceeds the initial software purchase. Home users typically spend \$100 initially, then an additional \$180 during the first 12 months after purchase.

Syntauri system instructs Apple II users about music

LOS ALTOS, CA—Simply Music is a complete keyboard learning and performance system for the Apple II. Available from Syntauri, the system consists of software, recorded music and custom music courseware which are used with the Simply Music instrument. Synthesizer capabilities available are presented in five major screens: orchestrate, record/playback, instruments, songs and displays. Each has its own menu. At the push of a single question mark key, the built-in tutorial help screens aid user in learning the system.

Initial Simply Music courseware is available for three learning methods: traditional piano style (two-handed), easy-to-play and improvisational. The courses, available separately, include graded workbooks and student guides plus prerecorded pieces which are used with the exercises in the books.

The full system includes a four or five octave musical keyboard with Apple interface, sound synthesizers (16

voice), software (system diskette, prerecorded music, personal song diskette, 110 sounds and a self-demo diskette) and manuals. The four octave system retails for \$995, the five octave for \$1,295. Courseware prices range from \$29.59 to \$59.50.

All Syntauri computer music systems require a 64K Apple II-plus or Apple IIe, one disk drive and monitor. System may use any audio amplifier or home audio system and speakers.

Syntauri Corp., 4962 El Camino Real, Ste. 112, M, Los Altos, CA 94022.



Syntauri Simply Music

Hand-held pc has expanded memory

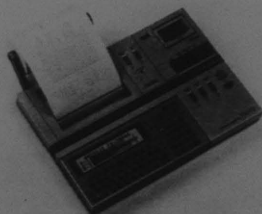
FAIRFIELD, NJ—The PB-700 hand-held personal computer has a 4K byte memory that can be expanded in 4K increments to 16K within the main unit.

The multi-line liquid crystal display shows four lines of 20 characters in both upper and lower case letters. The LCD is dot addressable, allowing for the display of graphs and charts. The unit has 58 keys. One key BASIC commands on the keyboard reduce the time and effort required to write a program, said maker.

The unit retails for \$199.95. It measures eight in. by 11½ in. and weighs 4.5 lbs.

A standard cassette recorder can be used with the FA-10 store or load programs or data. An optional CM-1 microcassette module fits into the FA-10, enabling the user to store programs or data on a microtape. The CM-1 retails for \$89.95.

Casio, Inc., 15 Gardner Road, M, Fairfield, NJ 07006.



PB-700 hand-held computer

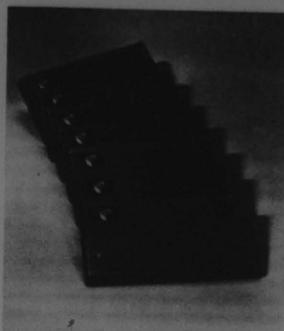
JANUARY, 1984

System increases C64 capabilities

BUFFALO, NY—The Basicare Modular Expansion System by Gladstone is designed to increase the computing capabilities of the Commodore 64. Additional features available with a Basicare system include memory expansion up to one megabyte and real word control of external devices, including robots.

The heart of the system is the Persona, the only module that is computer specific, said the firm. The Commodore 64 Persona has four ROM cartridge slots, soft switched.

Gladstone Electronics, Inc., 1585 Kenmore Ave., M, Buffalo, NY 14217.



Modular Expansion System

Bill Harlow was around when white goods were brown.

"I even remember the card we propped in the window to tell the ice man how many pounds we needed. And the lake on the kitchen floor when the drip pan unexpectedly overflowed," says Bill, vice president and national accounts manager for appliance floorplanning.

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Pitfall Harry™ comes to ColecoVision from over 60 weeks on the Billboard chart. David Crane brings the treasure, not to mention the cobra-rattlers and scorpions, to a whole new group of game players. Be ready for this major expedition.

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CRANE



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jump,
in all,
for the

AND THE ATARI 2600'S GETTING HARRY II

Hot...very hot, on the heels of Pitfall Harry's first adventure, comes Harry's new adventure deep beneath the jungles of Peru, Pitfall II Lost Caverns. And there's a lot to get lost in because this adventure is 8 screens wide and 27, that's right 27, levels deep.

The search for the gold and the Raj Diamond...the rescue of his niece Rhonda and sidekick Quickclaw...the incredible variety of generally unpleasant creatures that stand in the way...put Harry to the test. A test he must run, jump, swim, and even grab hold of rising balloons to pass. All in all, Pitfall II Lost Caverns for the Atari 2600™ is headed for the top.

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PITFALL II LOST CAVERNS™

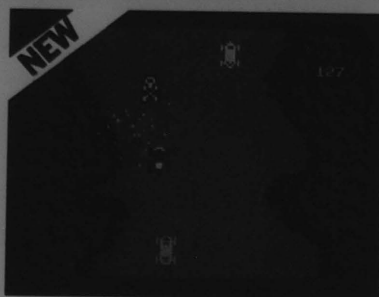
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Illusions[†]



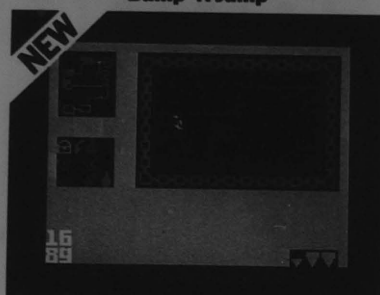
Bump 'N Jump^{TM*}



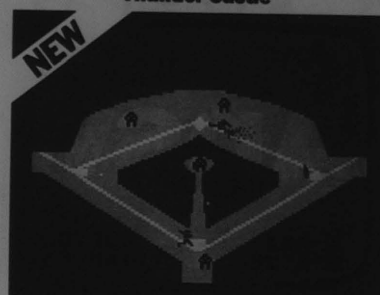
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For 1984, we're continuing the momentum with new software technology that will establish us as a leading innovator in the industry. Plus our great selling arcade games, BurgerTime^{TM*} and Bump 'N Jump.^{TM*}

In addition, we're introducing a new line of ColecoVision[®] software and expanding on our offerings for Apple[®] II and IBM[®] PC.

There's also the Intellivision II and the new System Changer. Together they play more games than any other system. The most games. The best-selling games.

And that's not all. We've turned a great game-playing system into an even greater entertainment system. A Computer Keyboard and a Music Synthesizer. And we're not just making promises. We're making shipments.

We've got the software and the hardware to put you ahead of the game. And we're

planning high-powered advertising and promotion programs to keep you there.

This year we've got everything going for us, and everything going for you.

See us at **WCES Booth 823.**

MATTEL ELECTRONICS[®]
Intellivision[®] II
IT'S GOT THE MOST GOING FOR IT

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A GRALLA PUBLICATION

Merchandising

FEBRUARY 1984

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

GET READY FOR

ELECTRONIC DISTRIBUTION

A whole new way of delivering software is prepared to shake up the retail world

CONCLUDING ONE GREAT YEAR,
DEALERS PLAN FOR ANOTHER

Ceiling Models Fan Hot Summer Sales

RETAILERS PONDER THE EFFECTS OF THE NEW FORMAT 8mm SENDS VIDEO VENDORS REELING

LAS VEGAS — Kodak's unveiling of the first 8mm video system at last month's CES sent the industry into a frenzy. GE, RCA and Sanyo all officially jumped on the bandwagon and Fisher showed a prototype. But does the industry really *need* another format? Many retailers remain skeptical.



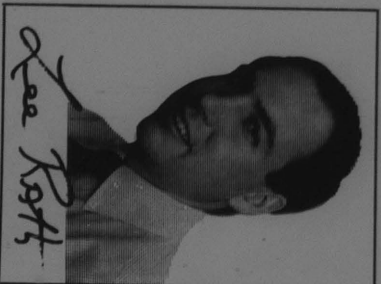
Cautious Computer Companies

HEDGE THEIR BETS

FEW INTRODUCTIONS,
PLENTY OF PLEDGES
GREET THE NEW YEAR

Phone makers gear up for the best year ever

NEW COLORS TURN ON EXCITEMENT AT THE HOME BUILDERS' SHOW



OVERVIEW

January, the month of trade shows, produces two big events full of promise

For the editors of *Merchandising*, the month of January traditionally means one thing: It's show time!

This year, per usual, the Winter Consumer Electronics Show came first. No sooner had the New Year's festivities ended than it was time to pack our bags and head for Las Vegas.

Then, two weeks after the CES was over, it was on to Houston for the Home Builders' Show and a look at the latest major appliances.

A busy month, to be sure. But it used to be much busier. In the past, the CES was followed almost immediately by the Housewares Show in Chicago. That event, however, has been shifted to April.

Furthermore, in some years, NARDA has managed to squeeze its annual convention into January—creating four major events to cover in as many weeks. So 1984 was easy by comparison, giving us a glorious two weeks between shows, actually affording us some time for reflection.

A sober CES

First, the CES. While the show was the biggest ever—the official count now lists 91,245 attendees—the feeling was quite different from years gone by. It was, in many ways, a quieter, more sober show.

The exhibits, for one thing, have undergone something of a transition. No longer do we find the huge banks of televisions blasting out the latest in video entertainment. Instead of 27 Olivia Newton-Johns, we had to content ourselves with, at most, three Michael Jacksons.

And in the computer/videogame area, the wild electronic whoops of the space age fantasy games have been replaced by less frenetic sounds of word processing software and home management titles hard at work.

This appeared to be backed up by the attitude of many of the show's participants. There was a feeling of "getting down to business" that has not been so evident at previous shows. It appears that the CES attendees wanted to do more than just celebrate the successes of 1983—they wanted to get on with the work of making 1984 even better.

As for news, the biggest headline

maker at the show was the introduction of eight-mm video. Although most manufacturers are perfectly content to ride along with the record-breaking sales figures for half-in. units, Kodak—in an effort to crack the market—became the first to show eight mm. GE, RCA and Sanyo were quick to follow, and Fisher showed a prototype.

And as our new video editor, Stephanie Flory (who's covered housewares and personal electronics for us in the past), points out on page 19, retailers aren't sure whether the new format is going to build plus sales, or just confuse the customers.

In computers, hardware manufacturers came to the show offering little in new product, but much in the way of promises for the months ahead. Of all the major vendors, only Commodore could say it did well in '83. And it was the only company to introduce a new computer. Others, including Atari and Coleco, said they were fine-tuning existing products.

Meanwhile, Apple (at the show for the first time in years) and Kaypro (there for the first time ever), were sending out signals that their sophisticated equipment is starting to find a wider audience.

Applications for computers also are expanding. Our new computer editor, Michele Tomaski, (who previously served with one of our sister publications, *Premium Incentive Business*), notes in her story on page 35 that videobook services are now being pushed as one of the best reasons to buy a home computer. More and more, the devices are being used to reach out and connect the computer owner to the array of services now offered.

Which brings us to telephones. Our new editor for that department, Cheryl Fish (who comes from another sister publication, *National Jeweler*), tells in her story on page 44 about the plans that young industry has for making 1984 the best year ever.

Choose your colors

The Home Builders' Show, later in the month, came as a welcome relief. Due to the recession, that annual event had been anything but upbeat for the past few years, but 1984 was a different story.

more about our product first hand, he or she is often confronted with a selling environment that actually discourages the purchase for all the reasons cited in your article.

Norelco has spent countless hours and thousands of dollars developing p-o-p displays, hand-out literature, clerk training films, etc. . . . attempting to change this, only to be faced with the reality that most retailers simply won't use these sales aids. Perhaps your article will make some of your readers take a second look at their electric razors department and start merchandising and selling the product more aggressively. As your lead paragraph points out, a store's sales of electric razors would be greatly increased if it took steps to have the clerk know something about what he was selling. I'm afraid those same comments should be made about the retail treatment of so many

Housing starts are up enough to pack the show with an enthusiastic crowd. And major appliance vendors felt confident enough to pull some innovative new products out of their hats.

The big story in Houston, however, was new colors. What we would genetically term tan and gray. Whirlpool has introduced as toast and platinum and General Electric has brought out as sand and silver. The problem here is that neither company's colors are compatible with the other's.

Our major appliance editor, Nancy Markov, notes in her Trendings column on page 12 and in a news report on page 51 that battle lines are being drawn as other manufacturers choose sides. All in all, it's shaping up as one of the more curious major appliance stories in recent memory.

No show

As for housewares, the big change was the absence of a January show. It felt kind of funny not to be in Chicago that week (as the newspapers reported temperatures dropping below zero). But it should be a far more pleasant event, come April.

In the meantime, the industry is pondering what housewares will be like without General Electric. The sale to Black & Decker of its housewares division gives the GE name a short three years to live.

Will retailers notice a difference? Will we see a strong brand get even stronger? Will the public get used to brewing coffee in a product that's name is more closely associated to the workshop than the kitchen? Housewares editor Michael Garry looks into it in his Trendings column on page 14.

As for now, the editors are hard at work preparing the 62nd Annual Statistical & Marketing Report for next month's issue.

This look back at 1983 and the preceding four years will detail shipments of products from VCR's to dishwashers to toaster ovens.

It looks like some hot new products will be making their debuts on our charts while a few golden oldies are laid to rest. Be sure and look in, in March. ●

Don't ignore p-o-p

Dear Editor:

I read with great interest Michael Garry's article which appeared in the November issue of *Merchandising*, entitled *Offer Better Service & Selection to Shave Razor Shoppers*.

Norelco, the leader in the electric razor business, with an approximate 60 percent share, spends many millions of dollars each year in national advertising to acquaint potential users on why they should shave electrically. We continue to try to educate the consumer to the fact that Norelco electric shavers shave as close as a blade with more convenience and comfort within the confines of 30-second commercials.

Then, as you reported in your article, when Norelco advertising has persuaded the consumer to visit a retail outlet to see, touch and find out

products these days, which is very discouraging to all manufacturers. Anyway, I wanted you to know how interested I was in your article and hope that you will do more like them in the future.

Sincerely,

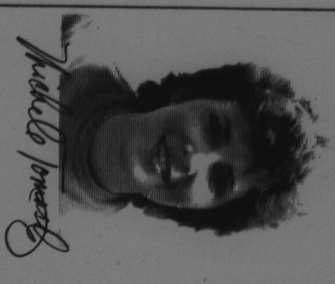
J. Richard Gonzalez
Vice President/Advertising
Norelco

Merchandising invites reader responses, questions and comments. Please send correspondence to: *Merchandising*, 1515 Broadway, New York, NY 10036. Letters may be edited for publication because of space requirements.



LETTERS

TRENDINGS IN COMPUTERS



Who will byte Apple next? Or, computers tempt women, too

A pple recently ran some television commercials, the general thrust of which was to position Apple as a product for a new generation of consumers, a generation that sets its own rules for work and leisure and is not afraid to break out of the stuffy molds of the past.

One of the ads is unlike others in the campaign. It features a young man jogging along the beach with his dog. Eventually, he reaches an office. Sitting down by his sun-drenched Apple, he calls a friend to say he'll be

home for breakfast.

That ad says Apple users set their own schedules, create their own work environments, march to a different drummer. It also says—albeit unwittingly—that computer users are men.

Another ad, this one for Coleco, shows a husband communing with Adam while his wife stands behind him, contemplating membership in the local chapter of a computer widow support group.

The poor woman is stricken with terror when hubby casually suggests

they use Adam to write a letter. Eyes wide, mouth agape, she warily approaches the glowing machine, coaxed by her confident, computer-literate mate. The message is clear: Women are afraid of computers and they don't know much about them.

Personally, I work in Times Square every day. Computers do not faze me.

There's no denying that the majority of home computer buyers to date have been men—just as there's no denying that the majority of buyers who made purchasing decisions about cars, audio equipment or fitness products in the past were men.

You heard it here first

The lesson for retailers here is that, just as has happened with those other categories, it's inevitable that women will soon make up a significant portion of the home computer market.

Recent statistics show that 40 percent of the working wives in this country now earn more than their husbands. That means that 40 percent of married working women—not even counting unmarrieds—have as much use for home finance, word processing and profit projection programs as their spouses.

Add to this scenario the fact that many low-end computers are purchased as learning aids for children, and are thus equally appealing to parents of both sexes, and a picture emerges of a buying public in which gender makes little, if any difference. What can retailers do to prepare to serve women computer buyers? Fortunately, the right moves are the same as those for men.

First, take care of the basics. Establish relationships with suppliers. Maximize the use of informative displays. Know your hardware and software, and, perhaps more importantly, make sure your salespeople know it too.

Then, start thinking about the woman's market. Keep an eye out for software that might have special appeal to women, but don't make the mistake of thinking that they are only interested in recipe files or computer aerobics programs. Software for home or business application is designed to fill a need, and 99 times out of 100, that need has nothing to do with the buyer's sex.

Most crucial of all will be salespeople's reaction when a woman walks over to the computer counter. The first question should be, "What applications do you have in mind?"—not, "Who are you buying this for?" Women are going to buy computers even if you don't treat them as intelligent consumers; they just will not buy them from you.

Demystification of terminology also will be important in computer sales, to both men and women. The ability to bandy about such terms as bits, bytes and bauds, CP/M, DOS and CPU, ROM and RAM perhaps identifies you as a member of the "computer elite," but it only becomes essential when you are dealing with powerful high-end products.

The novice consumer, however, venturing out to investigate the possibility of owning a \$200 computer, doesn't want to be bombarded with jargon—it may in fact be the aspect of shopping that intimidates him or her the most.

The computer has always had the potential to appeal equally to both sexes, and the stage is set for that potential to become a reality. The trick is to be ready when it does. ●

Only MERCHANDISING Gives You Complete, Up-To-The-Minute Coverage Of The Home/Auto Electronics Industry — Plus Exclusive Extras All Year Long

To find out the latest industry news, there's no better source than the latest issue of **MERCHANDISING**. We report on new trends and developments, new products and forces which might have an effect on the industry, including government actions, legislation, etc. And, via the regular Trendings column, store operations features and retailer interviews and round-ups, you'll stay on top of current merchandising, sales, promotion and display techniques.

MERCHANDISING's Exclusive Features Keep You Fully Informed

MERCHANDISING keeps you informed throughout the year to give you a complete knowledge of the industry. That includes the Annual Statistical & Marketing Report, a full report on the year's product shipments, appearing in the March issue; the Annual Consumer Survey in July, based on 2,000 consumer interviews, probing their buying plans and purchasing patterns; and the Supplier Directory & Product Guide in November, a comprehensive reference guide to all product categories and their sources.

Merchandising

Your Source For Home/Auto Electronics

Merchandising COMPUTERS

Can electronic distribution solve software woes?

By Ken Coach, contributing editor
LAS VEGAS—The big news in computer software at last month's CES was not *what* will be released in 1984 but *how* it will be released.

The electronic distribution of software appeared viable for the first time and three companies were out to convince retailers at the show that their system was the way to do it.

Although they differ in many ways, all three electronic distribution systems are designed to give the retailer access to more inventory without the risk of choosing a poorly selling title.

Retailers following the development of electronic software distribution already are familiar with Romox which announced about 18 months ago that it was working on a system of reproducible cartridges which could have games downloaded onto them from in-store terminals.

The company attracting the most attention at CES, however, was a Tulsa, OK, firm called Xante. It claims it has been around as long as Romox—slightly developing its system to electronically distribute not only cartridge but disk programs as well.

In fact, company officials claim that they can adapt to any new storage system that may be developed. Xante machines can accommodate, for example, 3¼-in. floppy disks should they become more popular.

Xante differs from Romox, though, in that it does not allow for cartridges

to be reprogrammed. Another difference is a built-in dot matrix printer which will give the consumer a hard copy of the documentation and print out labels for the software and the box. Company founder Roger Collins does not think the absence of an individually designed box will hinder software sales. The Xante box has a multi-color generic design and, according to Collins, research has shown that most people throw the box away anyway.

The main disadvantage with the Xante system may be the initial cost to the retailer. The unit must be purchased for \$15,000, and a 30-day supply of packaging material will run between \$2,000 and \$3,000 depending on store volume. Xante is negotiating for a third-party leasing arrangement. One of the companies to which Xante has been talking is ITT. A lease-to-own plan would cost the retailer between \$350 and \$600 per month.

(Continued on page 40)



RETAILERS INTERESTED in electronic software distribution can purchase the Xante system (left) for \$15,000 or lease the Romox system for \$200 a month. A third "coin-op" system is also available.

1984 will be different:

Humbled hardware makers promise profits

By Lee Roth, editor

LAS VEGAS—It was an older and wiser home computer industry that exhibited its wares at last month's CES. Gone was the plethora of hardware introductions, the grandiose predictions

—even the wild laser displays—that had characterized previous shows.

In their place came some apologies, a few new products, firm marketing policies and promises to get down to business in 1984 to make the industry healthy and profitable for both retailers and suppliers.

Of the major manufacturers of home computers exhibiting at the CES, Atari and Coleco both were expecting to report losses for the fourth quarter because of problem products that had produced a host of missed opportunities.

Only Commodore could boast of a healthy 1983, a year that had seen the company crack the billion dollar mark in worldwide sales.

Meanwhile, the Texas Instruments booth displayed only calculators, testimony to what could happen when the mark is missed altogether. And IBM's PCjr, while not an exhibit, made its presence felt at the show in a variety of ways.

All in all, it was a much more sober industry that faced the new year with

a list of resolutions, headed by the promise to prove itself once and for all in the marketing arena.

The only major hardware introduction at the show was the Commodore 264, set to go on sale sometime this spring. The unit, which will be priced somewhere above the best-selling 64, is being positioned as a "more serious" machine.

Each 264 will come with a built-in software package. Although Commodore did not announce what those packages would include, the company said that they would be productivity-oriented, covering household management, word processing, calculation, business accounting, education and other similar areas.

According to Myrddin Jones, vice president of marketing, "The 264 will give the retailers the chance to differentiate computers by CPU, not just by adding peripherals."

Software for the 264, however, will not be compatible with other Commodore titles, a fact which dismayed

(Continued on page 38)

Videotex may be 'first good reason' for consumers to buy home computers

By Michele Tomaski, sr. assoc. ed.

LAS VEGAS—Videotex information services are shaping up as one of the best reasons for consumers to enter the home computer market.

Whether they buy a simple, dedicated terminal or a telecommunications package consisting of a computer, modem and appropriate software, consumers now can access some 1,700 videotex services which allow them to send electronic mail, bank or shop at home and receive information on just about any subject imaginable.

Computer manufacturers are counting on the broad appeal and applica-

tion of these services to help consumers "relate" better to computers while spurring peripheral sales.

And to make videotex even more irresistible, many are offering either free subscriptions or free access time to some of the more popular services such as CompuServe, Dow Jones and The Source. (Editor's Note: The average subscription rate for a videotex service is \$50; the average cost for access time is 15 to 20 cents per minute at 300 baud.)

Owners of certain computers also can tap into services designed for

(Continued on page 39)



Trend toward 'practical' applications pumps up computer peripheral sales

By Richard A. Marini, contrib. editor
LAS VEGAS—As computers move

out of the game room and into the study, a whole new product category—the peripheral—comes with them. With the base of installed home computers increasing, these gadgets (which allow computers to do all those things manufacturers have been telling us they can) are becoming big business.

No longer is the definition of a peripheral confined solely to joysticks, paddles and an occasional monitor. It now includes printers, disk drives and modems, as well as surge suppressors, head cleaners, light pens, advanced educational items—even stand alone robots. For dealers, this means an increasingly profitable computer aftermarket.

More important

Discwasher's Dale Berlau, director, marketing services, said, "There are enough computers already out there that the peripheral market will become increasingly important in '84. This is still an immature industry in terms of penetration, but even now we're beginning to see more dealers selling peripherals."

Numerous new computer peripherals were shown at the CES, introduced both by newcomers as well as by established names.

"We're seriously getting into this area," explained J. Daniel Janowski, product manager, consumer products at Commodore. "People use their computers for what's available. When there were only games being sold, people played games. Although games still account for more than 50 percent of software sales, users are moving more toward application programs."

For our C-64 machine, for example, spreadsheet and word processing programs are selling well. With these programs, you need a printer which is why we're introducing several new models." Janowski also admitted that the introduction of Coleco's Adam, with its built-in printer, has forced Commodore to look more closely into this area.

Another company with a big stake in computer printers is Alphacom. According to William Sobieski, vice president, consumer marketing and sales, the company's difficulties in

getting product to dealers before the holiday season might well turn out to be a blessing in disguise.

"We hope to take advantage of the aftermarket—all those people who bought a home computer for Christmas and are now realizing they want a low-cost printer to go with it," he said.

Alphacom, like many manufacturers, has lowered the price of its low-end, 40-column printer in order to better attract the new home computer owner. "Spending \$180 or more for a printer just didn't set well with most consumers," Sobieski said. "So we cut the bullet and lowered the price of our Alphacom 42 to under \$100, including the Atari or Commodore interface."

While the company's top-of-the-line printer, the Alphacom 81, is compatible with the IBM PC, it probably will not attract many PC owners, Sobieski admitted. Instead, he said, he sees owners of the new PCjr as potential customers.

Will there be a market for these and other printers? Sobieski thinks so. "With the home management and education software we're seeing today, more people than ever will want hard copies of their work," he said. "And with lower prices, I think we'll see more people looking seriously at a printer peripheral."

Disk drives catch on

Speed and efficiency are also qualities consumers are apparently demanding in their computers, at least according to disk drive manufacturers. Many of these showed drive units compatible with the more successful computers.

Apparently as a response to criticism concerning Commodore's disk drives, Concorde Peripheral introduced a C-64-compatible drive of its own. The company, which also supplies to the OEM market, claims its 5 1/4-in. disk drive unit is twice as fast as Commodore's 1541 serial interface drive for the Commodore 64. And, according to Anderson Stockton, vice president, engineering, it is 100 percent compatible with existing C-64 programs.

"We believe," said Stockton, "that, beyond the computer, people are looking for peripherals that will help them perform tasks speedily."

reliably and at a reasonable cost." (The Concorde drive carries a suggested retail price of \$350 and has a one-year warranty.) "The price of data integrity, in terms of the cost of lost data alone, is more than worth the price."

Although, according to Stockton, it's "pretty self-evident" what this development means to Commodore, Commodore's Janowski said he isn't worried. "Competition in this area is not so much a matter of product as it is a matter of distribution," he said. "And our distribution network is second to none."

Commodore and other hardware



CHRISTMAS STOCK SHORTAGES may turn out to be "a blessing in disguise," according to Alphacom vice president Bill Sobieski. The printer who found computers under their trees.

manufacturers might soon find themselves in competition with another, better-known name in the consumer electronics field. Teac, well respected for its line of audio products, is considering entering the disk drive market.

Long an OEM manufacturer, the company is considering the introduction of a full line of disk drive products compatible with most major computers, according to Tay Hotta, advertising manager. Although a decision has not yet been made, disk drives bearing the Teac name could be introduced as early as this summer.

"As one of the top three OEM suppliers in the world, we already have the supply, capability and knowledge necessary to enter the consumer field," explained Hotta. "Our reps are 100 percent behind the move, but we'll have to see."

While pricing hasn't yet been discussed, Hotta promised Teac, should the decision to sell direct be made, will be "competitive."

Modems looking great

A third peripheral that seems on the verge of a sales explosion is the modem. With the arrival of telecommunications networks, this product is sure to be a big seller in the coming year.

Here, too, price was a key consideration at the CES. Suggested retails of several newly introduced units hovered around the \$100 mark, including those offered by TG Products, JSI Computer Products and Timex. As a



LIGHT PEN keyboard substitutes introduced by Tech-Sketch (above), Commodore and others are the closest thing to an electronic crayon.

bonus for consumers, many of these low-priced modems boast such high-end features as auto-dial and auto-answer, features previously only available in more costly models.

"The trend in '84 is toward more practical applications for computers," said Don Geyer, vice president, marketing, TG Products. "We've done all the hype we can about games playing. Now it's time we said, 'Here are the other things you can do and the means to do them.' That's where the modem comes in."

Take care

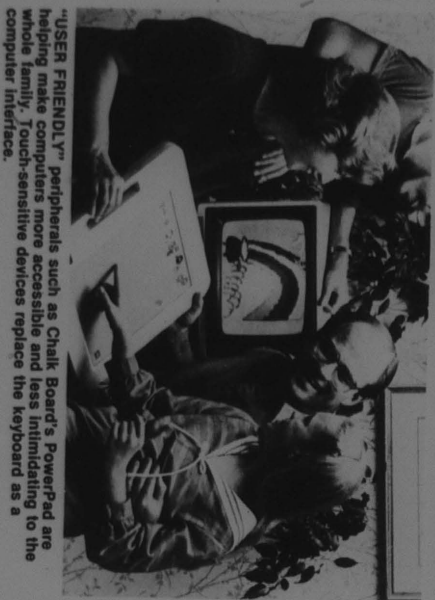
With all those computers in use in homes across the country, many are... well, getting on in age. Computer care, then, also has a profitable potential.

As a result, such well-known firms as Discwasher, BSR and others have entered the fray. Discwasher, long associated with record care products, showed its new computer disk head cleaner and a feature-packed surge suppressor.

BSR, importing from Denmark's am, introduced a complete line of computer-care products designed to protect both hardware and software from dust, static and smoke particles.

"As computer owners more knowledgeable, they'll realize the importance of preventive maintenance for their computer," explained Discwasher's Berlau. "We feel that, while our new interactive Clean Run-nor head cleaner isn't an impulse

(Continued on page 37)



"USER FRIENDLY" peripherals such as Chalk Board's PowerPad are helping make computers more accessible and less intimidating to the whole family. Touch-sensitive devices replace the keyboard as a computer interface.

Computers stimulate electronic typewriter sales

By Marilyn Sibirski, field editor
LAS VEGAS—Retailers will be offering many more advanced electronic typewriters—especially those with computer interfacing capabilities—on their shelves this spring. Manufacturers at last month's CES unveiled a host of models that serve as letter-quality printers and provide a long list of high-tech features.

These vendors told *Merchandising* that even though electronic typewriters with interfacing capabilities are relatively new on the market, sales already have made healthy gains due to the home computer boom. Several manufacturers, as a result, plan to expand their offerings of such models later in the year.

Sizeable increases in electronic typewriter sales have vendors concentrating less and less on their electro-mechanical line. Electronic machines, particularly at the low end, are replacing a huge portion of the electric typewriter business. Although sales of electrics have been on a downslide for several years now, most manufacturers still see a viable market for these low-priced models.

Shift to electronics

According to Jerry Diener, vice president of sales for Smith-Corona, "In 1983, electrics represented about 80 percent of the units sold industry-wide. That figure is expected to drop to 69 percent in 1984 and 48 percent in 1985."

"In electronic typewriters, low-end models priced at around \$299 generate the bulk of the selling action," he said. "The number one feature on these units is correction, followed by automatic carrier return and automatic relocate."

"Electronics and computer compatibility are the future of the typewriter business," added Walter Wright, vice president of marketing for Smith-Corona. "Hasty predictions that home computers and word processors would replace the typewriter at home and in the office are proving false. We believe the typewriter not only can coexist with these technologies, but complement them



CORRECTION IS KEY feature of most electronic typewriters sold by Smith-Corona, according to sales vice-president Jerry Diener. He expects sales of electric models to fall to 48 percent industrywide by 1985.

as well," he explained.

"Even though many consumers do not own a computer at this time, many are thinking ahead and purchasing an electronic typewriter that can later be interfaced with their computer," stated Dean Conner, regional sales manager for Silver-Reed America.

"A greater number of retailers, especially department stores and office supply stores, are showing more enthusiasm for typewriters," he observed. "New electronic innovations have helped spark a lot of renewed excitement in the category."

To create greater demand for this product area, Silver-Reed will be reaching the public with an aggressive print advertising campaign. "We hired Martina Navratilova as our first corporate spokesperson," Conner said. "Our ads will appear in *World Tennis*, *Sports Illustrated*, *Business Week*, *Fortune*, *Newsweek* and the *Wall Street Journal*. Also, we were named the official typewriter for the Women's Tennis Association."

Silver-Reed offers three electronic typewriters with computer interface capabilities in its line. The models range from \$299 up to \$599. Interface boxes sell from \$125 to \$185.

Conners pointed out that his firm is phasing out its electro-mechanical offerings. "We don't see much more

life in that business," he said. "A lot more retailers are shifting to just electronic typewriters in their stores."

Electronic typewriters are definitely taking away sales from the high-end electrics at Royal Business Machines, stated Douglas White, mid-western regional manager.

"In electrics, which still continue to generate significant sales, most of the movement is at \$199 and under," he reported. "The hottest price point for electronic models is \$299. Our units that interface with computers sell from \$399 to \$499."

Prices will most likely fall next year because more products with a greater number of high-tech features will be coming on the market later this year, he said.

White added, "Consumers are rapidly becoming aware of the typewriter's ability to serve as a letter-quality printer. In the second half of the year, all of our electronic typewriters are expected to be able to interface with computers."

Royal introduced a dual-pitch electronic typewriter with 20-character correction memory and interfacing capability that is compatible with most home computers. The Alpha 2002, with a suggested retail of \$599.95, also offers a 100-character

keyboard, electronic repeat key and interchangeable printwheels.

Creating a lot of buyer enthusiasm at the Brother International booth at the CES was the EP-44 personal electronic printer. This five-lb. model provides a computer interface built directly into the unit. Other features include a 44-character office keyboard, 44 additional international characters and symbols, a 16-character visual display and built-in four-function calculator with percentage key.

"We came out with a variety of new offerings at both the high and low end of the price scale," noted John Cutrone, national product coordinator for Brother. "We're targeting more merchandise to the small business operator and student market."

Don Clark, national sales manager for Olympia USA, pointed out, however, that the student market still prefers electro-mechanicals because of their simplicity and low price points. But at the same time, he agreed, the phenomenal growth of home computers has given an added lift to the electronic typewriter business. Olympia models with interface capabilities sell best from \$400 to \$600.

Sharp, Canon show typewriters

LAS VEGAS—Two newcomers to the electronic typewriter business—Sharp Electronics Corp. and Canon USA—unveiled their first entries during the CES.

Sharp introduced a portable electronic printer called the Intelliwriter at a suggested retail of \$359.95. The most impressive feature of the PA-1000 is its 70-character liquid crystal display, according to Chuck Russell, assistant product manager. This capability allows the user to review and edit a full line before it actually is printed.

The eight-lb. machine also offers a dot matrix thermal transfer printer which can produce copy at 20 characters per second. Stored text of up to 2,200 characters can be printed, re-edited and repeat printed for multiple copies. Blocks of text can be coded at 26 locations, then recalled independently as needed.

Russell told *Merchandising* that the model is expected to provide computer interface capability later this year.

Also entering the consumer electronic typewriter market with a portable, cordless model is Canon. The typewriter, called Typestar 5, will be available in March at a suggested retail of \$249.95.

The battery-operated unit uses a thermal transfer print system for silent operation and features a 15-character display and one-line memory. It also offers a choice of type styles, letter-quality print, an automatic carrier return, underlining and centering.

"Our new introduction is designed for students, writers, homemakers and others who want a portable typewriter with many advanced features," stated Mitsuru Tamai, vice president and general manager for Canon typewriters.

High-margin peripheral market emerges

(Continued from page 36)

purchase, people will be willing to spend \$24.95 to protect their investment."

As proof of the computer's saturation to the average consumer, Berlau said that Clean Runner ads will not be aimed at so-called computer hackers. Instead, he said, "To borrow a

phrase, the ads will be 'consumer friendly.' We'll try to show consumers that there's a potential problem and here's a way to prevent it."

Discwasher, Dymarc and others also showed surge suppressors designed to protect a plugged-in computer from potentially damaging surges in the electrical supply.



CONSUMERS MUST BE EDUCATED about the need for such products as the Discwasher SpikeMaster surge suppressor which is designed to protect computers from damaging fluctuations in electric power supply.

"This is another product that demands some education to reach the consumer," Berlau said. "We expect to see an increasing market as consumers become aware that computers are sensitive to fluctuations in the power supply."

Many other computer peripherals shown at the CES are difficult to categorize. Surely, Exus, Jogger and Reflex, which utilize a colored jogging pad and Atari-compatible game cartridges, are merely sophisticated videogames, albeit ones that promote health and fitness.

Other companies, such as Kimball Piano and Organ, have successfully interfaced established products with a computer to come up with a new, though derivative, product (in this case a computerized organ).

Chalk Board's PowerPad is a touch-sensitive input device that replaces the keyboard as a computer interface. It carries a \$99.95 suggested retail price, with software starting at \$24.95. And then there is the light pen, another keyboard replacement, shown by Commodore, Tech-Sketch and others.

MERCHANDISING COMPUTERS

Atari remains bullish on videogame's future

By Lee Rath, editor

LAS VEGAS—In 1977, Star Wars hit the screen and saved what many had written off as a dying movie industry. In recent months, MTV has appeared to resurrect the record business. Will a similar savior come along to keep the videogame from an untimely death?

Atari officials think so.

A number of the company's top officers repeated the above analogy at various gatherings throughout last month's CES. Chief among them, chairman and chief executive officer James Morgan, pointed out that the videogame "has not maintained the creative crescendo" it once held against its competition, which he listed as anything angling for the consumer's disposable dollar, from bowling balls to computers.

"America is mazed out and shot out," he said. "And if we can't figure out what to do about it, the videogame

will go bye-bye."

Atari, however, appears certain that this will not be the case. Dave Ruckert, senior vice president, products management, told *Merchandising*, "We will introduce new products and new technology to stimulate the market, both in hardware and in software."

Although, under Atari's new policies (see related story on page 35), he declined to be specific, Ruckert said Atari is looking closely at "new ideas in peripherals" and "new things to use the VCS for."

And a report that Atari is discussing a joint effort with N.V. Philips in the Netherlands could mean the involvement of laserdisc technology. That would give the home videogame the ability to deliver such arcade hits as Dragon's Lair.

In fact, Coleco already has said it is working on such technology, and plans to have a unit out sometime this year.

It will involve a videodisc player (the company would not say in what format). And Dragon's Lair will be the first title available.

Staying alive

Meanwhile, although some retailers would dispute it, the videogame manufacturers insist the market is alive and well.

"The ship hit turbulence last year, but it was still the second best year in the history of the industry," said Don Kingsborough, president of Atari's sales and distribution company.

A poll, conducted in the fall by Gallup, showed videogame hardware ownership climbed 75 percent in 1983 and projected sales of 8.8 million units in 1984. Another survey, he said, showed the number of hours that videogame households spend on their machine had climbed 37 percent.

Atari alone sold 1.3 million game consoles in December, Ruckert pointed out, second only to December 1982, when it sold 1.4 million.

And while the units are not selling at the same price they once did, he believed they had reached a plateau where they will remain for some time.



OBITUARIES FOR VIDEOGAMES have been premature, declares Don Kingsborough, president of Atari's sales and distribution company.

Bill Brett, senior vice president of sales, Parker Brothers, told the Computers and Games Conference that five million consoles were sold in 1983, which puts more than 20 million in use.

While the facts show the business is stable, Atari's Morgan indicated that is just not good enough. "This business," he said, "must be rekindled."

Commodore makes only major hardware intro

(Continued from page 35)

some retailers at the show. But the company was quick to point out that 80 to 90 percent of the software for the 64 would run on the 264 "with only minor modification."

Another step-up computer, model 364, also was introduced by Commodore. It adds voice synthesis and a separate numeric keyboard to the 264's features, and should also reach the market sometime this spring.

Atari, taking a cautious path under its new management, exhibited no new hardware. Chairman James Morgan, on the job for 18 weeks, told securities analysts at the show that from now on, the company will show no product that is not ready to be produced.

As a result, the one new Atari computer on the show floor, dubbed model 1450 XLD, was most cautiously described as "a signal of our intent to introduce a high-end product sometime in 1984." The unit on display featured 64K of RAM, a built-in disk drive with room for a second, a built-in modem and speech capacity. But, it was emphasized, the features had not yet been firmed up, and could be altered somewhat before the product actually does make its debut.

Dave Ruckert, senior vice president, products management, told *Merchandising* that Atari is concentrating on producing 600XL and 800XL product. "We're now producing at 100 percent of capacity, but we still won't be able to fill all of our orders for several months," he said.

Coleco, too, is playing catch-up following a hectic fourth quarter that saw deliveries of the Adam fall far short of initial projections. "We delivered 95,000 units in 1983," reported president Arnold Greenberg. Now, the company is producing "well above 100,000" Adams per month.

At the same time, it announced it would soon be marketing a number of peripherals for the Adam. These include a second digital data drive that can be installed in the memory console, a 5¼-in. floppy disk drive, a modem, a 64K memory expander and an accessories kit.

Introducing a disk drive, Coleco said, was no indication that the com-

pany had lost faith in its own digital data drive. "Some people may simply prefer a disk drive for added speed and capacity," Greenberg remarked.

Coleco also announced that the Adam will be made IBM compatible later this year via an add-on module. Plus, it was hinted, the company would begin marketing a videodisc player that would enable the Adam to add games such as Dragon's Lair to its repertoire. (See related story on this page.)

The "bundled" concept, which has been popularized by the Adam, was picked up by Spectravideo at the show. It announced that it is packaging its existing 328 Mark II computer with a single-slot expander, a high-speed data pack, a dot matrix printer, a parallel printer interface and two joystick controllers. The package will also include three pieces of software: word processing, a game and an electronic diary. The entire package will wholesale for \$450 and carry a suggested retail price of \$599.

"Coleco has the right idea," commented Steve Weinstein, Spectravideo's vice president of sales and marketing. "People want to buy a box."

The package will be available this month and is set for Washington's Birthday tests by a number of retailers, including Zayre's. Spectravideo also is offering a beefed-up business

package with a suggested retail price of \$1,695.

Although it had been widely rumored that Apple would make an introduction at the CES (its first such show since 1980) the company remained silent on the subject of new hardware, implying that any introductions would have to wait for its annual meeting, scheduled for late in January, when it introduced several business-oriented products. Introductions aimed at the home are now rumored to be coming this spring.

"We've returned to the CES because it has become apparent that the consumer market is beginning to accept our product," said a company spokesperson. She noted that Apple, although it is not expanding its dealer base, is looking to "investigate new channels" when existing dealers drop out and must be replaced. "We're looking for more variety," she said. "For example, we've done very well in department stores over the past year. And that was a new area for us."

Making its first appearance at any CES was Kaypro, although it, too, denied any thought of entering the consumer market in a big way. "We're here to test the waters," said a spokesperson. "Plus, we're always looking for new dealers—although they must still qualify to provide all of the support our products require."

Pricing stabilizes

Some of the best news for retailers was that hardware prices appear to be stabilizing. Although IBM's PCjr was not exhibited at the show, its presence was felt.

Pacific Stereo's Darrol Davis, participating in the Computers and Games Conference, noted that "the PCjr will set the price points for the industry. It should end the wars."

Indeed, both Coleco's and Atari's price increases, announced prior to Christmas, have gone into effect.

"The wild downward spiral is over," declared Atari's Ruckert, whose company has raised the price of its computers by \$40 to \$50. He said that the price points that have been established should hold through the remainder of 1984. "If anything, they'll go up in



PCjr SHOULD END price wars that besieged the computer industry in 1983, according to Pacific Stereo's Darrol Davis.

the future, as new features are introduced."

In fact, the price increases are but one indication of the computer companies' intent to knuckle down and inaugurate marketing practices that should serve to stabilize the entire industry.

Atari, for one, instituted several practices that will have direct effect on retailers. As of Jan. 1, return policies on both hardware and software were tightened. Hardware returns are now accepted only on defective merchandise within 14 days of purchase by the consumer. Then, the return must be accompanied by a replacement purchase order for exactly the same product.

"In the past, 75 percent of the products returned as defective were in working order," said Morgan. "Customers abusing the return policy cost the company \$100 million in 1983. Atari," he concluded, "is not a charity."

At Coleco, the management responded to complaints about the quality of the Adam by admitting that there had been some early production problems. "Horror stories," said Greenberg, surfaced all through Christmas because some retailers had "squirreled away" early shipments in anticipation of the seasonal rush.

Nevertheless, he said, "the biggest problem was with the documentation. Our users are neophytes and need very explicit instructions." In addition, many owners returned computers they themselves had damaged—the digital data packs in particular—Greenberg charged.

Some 20 percent of Coleco's employees now are involved in some form of quality control and the number of defects has been brought "in line with industry standards," he said. In addition, Honeywell Information Systems has announced that it will establish a nationwide network of service centers to handle the Adam. Six already are open with 35 expected to be in operation by the end of the first quarter.

The computer companies all said that they plan to continue consumer advertising campaigns and dealer support programs designed to create sell through.

MERCHANDISING COMPUTERS

Free membership, access time sell consumers on videotex

(Continued from page 35)

them alone. Coleco's new Adam On-Line, for example, offers new product information and maintenance tips to Adam owners.

Quazon and Radio Shack are among the first companies to offer low-cost dedicated devices for accessing videotex databases.

Quazon's Quik-Link 300 operates by connecting it to a standard telephone line and television set. Purchasers receive \$200 worth of registration fees and/or trial use time on six information services: Dow Jones News/Retrieval, The Source, CompuServe, Delphi, Compu-Store and now, MCI's electronic mail service.

Accesses videotex easily

"I like to call ours the cake mix approach," said Quazon marketing vice president Jim Lokey. "Everything a customer needs to access a videotex service is all in one box. He doesn't have to buy a computer, modem or software."

One of Quik-Link's major selling points is its \$249 suggested retail price. Videotex devices by IBM, Wang and Convergent Technologies retail for \$800 or more. In addition, sending or receiving information on the terminal does not require any knowledge of computers or computer programming.

Since Quazon began marketing the Quik-Link 300 in early October, 1983, 5,000 units have been shipped through 15 distributors and directly to 75 retail outlets. Retailers mostly fall into the telephone, video and electronics specialty store category.

Advertising for the Quik-Link 300 will be financed with 36 percent of the revenue generated by Quazon's first public stock offering in January. The marketing program includes a co-op advertising plan based on three percent of purchases.

Quazon's merchandising plans in 1984 call for a new marketing strategy that will position the Quik-Link 300 as an inexpensive electronic mailbox. The effort will take advantage of several major national ad campaigns, including a \$30 million effort by MCI, that will promote electronic mail to consumers.

"We feel our campaign promoting the Quik-Link 300 as the low cost electronic mailbox will make it a major consumer product," Lokey said. "We want consumers to identify Quazon with electronic mail."

Quazon owners will be able to send letters instantly to someone with similar telecommunications equipment, including a computer and modem. Letters addressed to someone not equipped with the appropriate electronic hardware must be routed through an MCI distribution center. MCI will print and deliver the message for a fee.

In the coming year, Quazon also plans to add services which will allow Quik-Link operators to bank at home, make travel arrangements and receive scores for every professional and amateur sport including racing. Scores for games and events in progress are updated each period.

In the second quarter of 1984, Quazon plans to introduce a stepped-up videotex terminal with full travel keyboard, integrated speaker, video monitor interface, optional 40- or 80-

column display and parallel printer port. The new product will come with a higher-speed integrated 1200-baud modem. The Quik-Link 300 operates with a 300-baud modem.

Home computer manufacturers also are starting to promote their products as telecommunications devices, seeking to provide consumers with one more reason to buy.

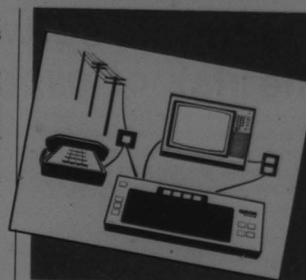
Set to retail under \$200, Coleco's new AdamLink 1200 Direct Connect Modem will allow users to receive and send data to videotex services. Telecommunications software and a

CompuServe starter kit are included. The modem will automatically adjust to a 300- or 1200-baud delivery rate.

As a bonus, AdamLink modem buyers will receive two free hours on Adam On-Line. This new information service was created by CompuServe specifically for Adam owners. The subscription rate has not been determined, according to Coleco's press relations representative Barbara Wruck.

Adam On-Line subscribers will receive new product developments and tips on how to use and maintain their Adam computers. The Adam Forum will allow users to leave messages for other Adam owners on the Adam Bulletin Board, store and swap soft-

(Continued on page 40)



"CAKE MIX APPROACH" to videotex is offered by Quazon's dedicated device which connects to a standard telephone line and TV set to operate.

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MERCHANDISING COMPUTERS

Electronic software distribution may reduce the risk of overstocking unpopular titles

(Continued from page 35)

The company refuses to say how many units it expects to ship this year but the machines will start going out to retailers this month with about 400 software titles.

Romox rollout ready

Meanwhile, Romox officials say they are also ready to go with their system and expect to place 2,000 units in retail stores this year.

The company will charge a monthly leasing fee of \$200. For that, the retailer will be able to sell cartridges for \$19.95 and software downloaded onto the cartridge for \$9.95. Dealer margins are 40 percent for the cartridge and 30 percent for the software.

The vice president of marketing for Romox, Jon Monday, believes electronic distribution will increase dealer profits by offering a tremendous selection of inventory. He says Romox has about 200 titles available right now and is adding between 30 and 45 new ones each month.

The company had a very successful market test in 21 northern California stores including such mass merchants as K mart, 7-Eleven and Tower Records. Monday credits that success to the product's reusability and lower pricing.

Romox announced at CES that it



DEALER MARGINS are 40 percent for Romox cartridges and 30 percent for software.

has reached agreement with K-Tel Software to distribute selected titles from that line. The arrangement is expected to double the number of titles Romox will have available.

At the other end of the scale is a company called Cumma Technology, offering a system which has been described as "the ultimate Coke machine."

Marketing a machine called MetaWriter, Cumma was introduced at CES by Nolan Bushnell, the founder and former chief executive officer of Atari. Until three months ago, Bushnell was bound by an agreement not to compete with Atari. In forming Cumma, he has brought with him several other former Atari executives.

Cumma plans to install 3,000 MetaWriters in 1984. The software vending machines will offer games priced between \$5 and \$15 and will be completely consumer operated. The machine will require no investment from the retailer who receives 30 percent of whatever revenue each unit takes in.

Offers 50 games

Consumers using the MetaWriter will first be able to see a 15-second preview of one of the 50 games available on the system. Then a special cartridge is inserted and the appropriate amount of money fed into the machine which will accept one- or five-dollar bills. The cartridge can be reprogrammed if the consumer gets tired of the game.

Electronic distribution of software

is expected to attract mass merchandisers and retailers moving into the computer field for the first time.

A number of retail buyers were doing some keen comparison shopping at the CES.

Most seemed to agree that in-store tele-distribution would relieve the risk of overstocking a slow moving software title.

A typical situation is that of Michael Major, the vice president of Hifi Buys in Indianapolis. Major represents more than 30 stores in four states which are adding computers to their inventory of audio equipment.

"Electronic distribution," Major said, "is the only way to avoid the uncertainty in the computer software market."

As for software manufacturers, most seem resigned to the fact that electronic distribution is inevitable.

Some publishers are opting to provide their software to all three systems, regarding them each unique enough to serve different markets.

A few, however, are resisting any form of tele-distribution because they feel the systems take away any edge gained from flashy packaging or shelf position.

Of concern to some retailers is the obvious next step. If in-store electronic distribution makes sense, can an in-home system which would cut out the retailer be far behind?

A couple of attempts to distribute straight to the consumer already have fallen flat but the game is by no means over yet.

Activation and Atari have announced a joint venture to study sending software over the airwaves on an FM band. The companies contend, however, that the system will broaden the retail market by providing a testing ground which could actually benefit the retailer.

Other home schemes may not be so



XANTE FOUNDER Roger Collins says lack of flashy packaging will not hurt electronic software sales since "most people throw the box away."

considerate of the dealer. Both AT&T and Coleco have announced plans to distribute software by telephone, and other major players are sure to jump into the tele-distribution game.

Interest is high and more than 100 CES attendees participated in a mini-workshop on the subject. They were told by the panel's moderator that tele-distribution is expected to be a \$10 billion industry by the end of the decade.

That left a lot of software retailers wondering whether they would get to cash in on any of that potential profit or whether they might lose forever lucrative, though sometimes elusive, software profits.



MERCHANDISING SOFTWARE may never be the same if Atari founder Nolan Bushnell's MetaWriter, a vending machine, catches on.



TOWER RECORDS customers chose from more than 220 software titles offered by a Romox programming terminal during a 21-store test in northern California this past fall.

Videotex fuels modem sales

(Continued from page 39)

were programs through the Adam Software Exchange, conduct "conferences" with other Adam users on the Adam CB and call the Adam electronic mail hotline at Coleco to discuss problems or make suggestions.

Commodore Business Machines has been providing a free subscription to CompuServe plus a free "trial hour" to purchasers of its modems since it began marketing the Vic-Modem in early 1982.

Commodore partially credits this free information network time for helping it sell 100,000 modems in 1983. The low price of Commodore's two modems—both priced under \$100—also contributed to their sales success.

CompuServe also carries the Commodore Information Network for Commodore computer owners. It has been the most active special interest service offered by CompuServe for the past 18 months, Commodore sources claim.

In addition to new product information, the network provides free software and a hotline service with user questions answered by experts.

Commodore recently announced it has signed an agreement for Compu-

Serve's VidTex terminal emulator. The telecommunications package will allow users to transfer programs from CompuServe to their own systems for use or disk storage. It is expected to be shipped to stores this spring and retail for under \$100.

The disk-based program offers a 32K RAM buffer which can capture data from a host system for immediate use or for disk storage for later use, among other things.

Both Commodore and CompuServe will market and distribute VidTex through their respective dealer networks. VidTex will operate on the Commodore 64 and 264 computer models.

Timex Computer Corp. is making a strong bid for the telecommunications market with its Sinclair Telecommunications Modem scheduled to be shipped to retailers this quarter. The modem carries a \$119.95 suggested retail price and is compatible with any Timex computer including the 16K RAM TS1500 retailing for \$79 in many parts of the country. The total—\$198.95—is well under that of even any dedicated terminal. Timex 2050 modem purchasers also receive free membership in The Source with no registration fee.

NEWSLINES COM- PUTERS

NORTH PALM BEACH, FL—Searchmart Corp. will offer a free access videotex Software Library that lists, describes and demonstrates individual applications and systems software packages. The software index is set to go on-line by March 1 with at least 2,000 software titles. Searchmart hopes to expand the library to 10,000 titles by the end of the year.

Listings will be updated daily and categorized by manufacturer, publisher or vendor, operating systems compatibility, protocol requirements, program classification, features, price and ordering information for retailers. Only suggested retail prices will be listed. Retailers who order those titles designated as "retailer protected" will be charged the wholesaler price.

"Printed catalogs and directories of software packages are obsolete in this computer age," said Searchmart president Victor Gruneau. "With dozens of software programs offered daily and hundreds monthly, all print listings are out of date the day they are published." Other software database services charge substantial search fees and are not available on-line, Gruneau added.

Ten telephone numbers for the Software Library will be publicized in a direct mail and computer magazine campaign beginning March 1.

"We have already identified nearly 750,000 software specifiers and buyers with interactive telecommunications capabilities, including those subscribers to existing computer networks like CompuServe, Dow Jones and The Source," Gruneau said. Future plans call for the service to be delivered via terminals in several thousand computer retail outlets across the country, he added.

Software manufacturers and vendors will be charged \$300 for each "page" or screen they use to describe or demonstrate their product. Each CRT screen measures 40 characters by 20 lines.

For more information, direct inquiries to Mary Hamm, Searchmart Corp., 636 U.S. Hwy. 1, Ste. 210, North Palm Beach, FL 33408; 305/845-2996.



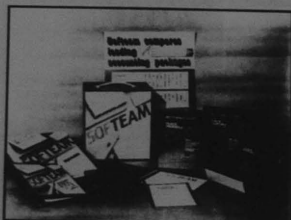
Epson's Edwards demonstrates CAST

LAS VEGAS—Customers can practically sell themselves a computer with Epson's new CAST (computer assisted sales tool) program. "It's designed to get people to try a computer—hands on," explained Scot Edwards, marketing services manager, computer products division. The CAST program, which runs on the Epson QX-10, starts with a 13-minute demonstration loop that invites a shopper to join in at any point. Those who do are then asked a series of questions by the computer to fully qualify them. When the program determines what the shopper would use a computer for, it offers them a demonstration of applicable hardware and software features. A print-out is made available at the demonstration's end. "We're using the medium to promote the medium," said Edwards.

Epson is using CAST as the core of a mystery shopper program that will start in the middle of February and run for about 90 days. Only retailers using the program will be shopped. The company also is running a dealer display contest and will award the retailer doing the best job. Epson will boost its ad budget to \$25 million this year, almost double that of 1983. "We're aiming for even more visibility," Edwards commented.

VAN NUYS, CA—Soft-Kat has reached an agreement with the Federated Group to establish an educational software department within each of its 20 stores in California and Arizona. Three thousand programs representing 24 titles from 11 publishers were shipped to participating retailers in December. Soft-Kat employees set up software sections which include the firm's Soft-Scope display of available educational software. On-going sales training for Federated personnel and customer support programs will also be provided by Soft-Kat.

At the same time, Soft-Kat announced it is opening a prototype educational software department in the May Co.'s Costa Mesa location. Thirty titles from 10 publishers for Apple computers will be shipped to the chain's largest store. If the experiment is successful, the software department concept will be expanded to May Co.'s 30 other locations throughout southern California.



Softeam Tool Box dealer training materials

CULVER CITY, CA—Softeam, Inc. has signed an agreement with American Training International to provide the Softeam Tool Box training program to dealers. "All across the country, software dealers are asking for training, and we decided to do something about it," said Softeam vice president of sales Bob Shumate.

Training materials and software valued at \$300 are inside the Tool Box kit priced at \$195. The program includes a full day of training for dealers at a local hotel. Instructors will explain how to use the self-teaching course. Lessons provide basic information about computer software, definitions and common phrases. Tool Box also contains "report cards" which grade features of various microcomputers and comparison charts which outline prices and features for five generic software areas (word processing, accounting, spreadsheets, database management and communications).

Training packages will run on all leading microcomputer systems. By midsummer, Softeam expects to have trained one-third of its entire dealer base. The company carries more than 2,200 titles from 130 software publishers. Softeam distributes to more than 2,500 dealerships.

For more information about Tool Box, contact Steve Lewis, training manager, Softeam, 10023 W. Jefferson Blvd., Culver City, CA 90230; 213/204-6620.



PC Telemart kiosk contains 20,000 titles

FAIRFAX, VA—PC Telemart, Inc. began a national roll-out of its electronic search, evaluation and ordering service for retailers and consumers on Jan. 1. Fifty kiosks installed on the West Coast contain dedicated microcomputers and printers that enable salespeople and software shoppers to evaluate and electronically order more than 20,000 titles in the database. West Coast installations were preceded by a two-month pilot program in the Washington, DC area. Expansion will spread from California to Chicago, Dallas-Fort Worth, New York City and Boston, with the opening of a regional sales office. A distribution agreement was signed by PC Telemart and the Radio Shack division of Tandy Corp., which has 450 computer centers and 6,000 electronics stores located around the country.

Software shoppers can ask questions about PC Telemart-distributed software at the kiosks. All kiosks are polled nightly and questions are directed to a staff of technical experts at the PC National Software Reference Library, also here. Responses are inserted in the database and customers can retrieve them from the kiosk within two days. Merchandising and software inventory advice for retailers can also be transmitted. Short descriptions of each program listed in the Telemart database include function, price, and machine and operating system requirements.

MERCHANDISING COMPUTERS

New Datasouth matrix printer features three printing modes

CHARLOTTE, NC.—The DS220 multimode matrix printer by Datasouth Computer Corp. eliminates the need for multiple printers by combining three different printing capabilities into a single unit. The unit provides correspondence printing for word processing, draft quality printing for high-speed data processing as well as dot-addressable graphics. In correspondence mode, the unit generates an 18 by 48 dot matrix for

near letter quality appearance. Using a high-resolution two-pass mode, the DS220 prints at 40 cps. Multiple type fonts may be selected using the operator panel or the program control on the unit.

For print intensive applications, the DS220 operates at 220 cps, utilizing bi-directional logic-seeking printing. The printer also has the ability to print up to 217 columns for spreadsheets and graphically output results.

The DS220's front panel offers pushbutton access to 60 program-mable features. These include format control, print mode and communications. The integral four-digit LED display eliminates the guesswork in printer configuration by providing visual verification as each feature is programmed, said the firm. The product includes both serial and parallel interfaces as standard features along with a 2,000-character buffer. Snap-in ribbon cartridge can be changed quickly.

Datasouth Computer Corp., 4216 Stuart Andrew Blvd., M. Charlotte, NC 28210.

Davong tape system safeguards data

SUNNYVALE, CA.—Tape backup system safeguards data on any Winchester disk or floppy drive used with the IBM PC or XT microcomputers, said Davong Systems, Inc. Price for the system is from \$1,795 to \$1,995, including interface.

Spectravideo introduces its first MS computer

PLAINVIEW, NY.—Model SVT-728 personal computer features a 280A microprocessor with MSX BASIC built into the ROM of the CP/M-based machine. The unit's 32K ROM is expandable to 96K and its 80K RAM is expandable to 144K.

The 87-key, full-stroke keyboard computer is expected to retail for \$349 when it is shipped to distributors and retailers in April.

Spectravideo, 39 W. 37th St., M. New York, NY 10018.

The standalone streaming tape drive uses 1/4-in. tape cartridge with a formatted capacity of approximately 19 megabytes. An adaptor for the backup plugs directly into an IBM PC or XT expansion slot. Software capabilities include initial checkout, copying from floppy or hard disk to tape and restoring files from tape to hard disk or floppy. Software also allows user to compare file dates so that the most current file with the same title is restored. Files may be restored to a different volume so they are easy to find, and an index lists names and dates of all backup files.

Using the Davong Multi-OS control system, backup can be done by volume or individual file. A 15 megabyte disk can be copied in about four minutes and four-error checking methods ensure data integrity, said the firm.

Davong Systems, Inc., 217 Humboldt Ct., M. Sunnyvale, CA 94086.

COMPUTERS

HOME MGT.

HOMEWORD FILER, Sierra On-Line, Apple II+, II+, IIe-compatible. Available in May. Suggested retail \$69.95.

MANAGING YOUR MONEY, Micro Education Corp. of America, IBM PC.

XT, PCjr and Apple IIe-compatible. Available now. Suggested retail \$199.95.

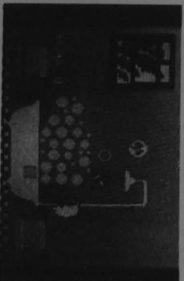
MICHAEL, T&F Software. Commodore 64-compatible. Available now. Suggested retail \$39.95.

MICRO COOKBOOK, Commodore Software, Commodore 64-compatible. Available now. Suggested retail under \$40.

PRACTIFILE, Micro Software International, Commodore 64-compatible. Available now. Suggested retail \$65.

GAMES

ALPHABET BEASTS & CO., Reader's Digest Software, Apple II+, IIe and Commodore-64 compatible. Available now. Suggested retail \$34.95.



BUBBLE BURST, Spinnaker. Commodore 64-compatible. Available now. Suggested retail \$39.95.

COAST-TO-COAST AMERICA, CBS Software, Apple, IBM PC, IBM-PCjr and Commodore 64-compatible. Available in March. Suggested retail \$34.95.



LEAFER MADNESS, T&F Software, Atari 32K, Commodore 64-compatible. Available now. Suggested retail \$34.95.



IDEAmulti multi-function card

IDEA card eases peripheral interface

BEDFORD, MA.—The IDEAmulti, a plug-in multi-function card, will fit into any slot on the IBM PC and its into the short slot on the IBM XT, according to IDEAssociates, Inc. Product is a combination input/output card. A combination of up to four of the following options are available: parallel interface; one or two serial interfaces; and clock/calendar/battery. Each serial option comes with an RS-232C cable adaptor with a DB25 connector. The clock/calendar/battery comes with complete ICLOCK software on a diskette. Board includes RAM/floppy disk emulation software; ISPOOL Printer Spooler software, and ISWAP LPRT1: LP2 swap program.

The IDEAmulti makes it possible to cable both serial and parallel interfaces from the back of the board. Product makes interfaces with printers, disks, and communication devices simple, even for those IBM PCs without the rear knockout, said the firm. Prices range from \$175 for one option to \$295 for 256KB with four options.

IDEAssociates, Inc., 7 Oak Park Dr., M. Bedford MA, 01730.



ZENJI, Activision, Inc. Atari XL-series and 5200-compatible. Available early this year. Suggested retail \$34.95.

LEARNING

A BEE C's, Commodore Software, Commodore series-compatible. Available early this year. Suggested retail \$30 to \$40.

BANK STREET SPELLER, Broderbund Software, Apple-compatible. Available now. Suggested retail \$69.95.

KIDS SAY THE DARDEST THINGS, Home Computer Software, Inc. Commodore 64, Apple II, II+, IIe and Atari 800-compatible. Available now. Suggested retail \$39.95.

KIDWRITER, Spinnaker. Apple II/III-compatible. Available now. Suggested retail \$34.95.

MICROSPEEDHEAD, CBS Software, Apple, IBM PC, IBM PCjr, Commodore 64-compatible. Available this month. Suggested retail \$125.

MOVIE MAKER, Reston Software, Atari XL series-compatible. Available now. Apple, Commodore 64, IBM PC-compatible. Available early this year. Suggested retail \$60.

MERCHANDISING COMPUTERS

Commodore introduces 264 computer series, 64 voice module has 235-word vocabulary

WEST CHESTER, PA.—The 264 series of computers has been introduced by Commodore as a step-up to the 64. The new units (actually one unit offered with a choice of built-in software) will feature 64K of RAM and will be available in late spring or early summer.

Features include a full typewriter-style keyboard; screen window capability; a help key; eight programmed, reprogrammable function keys; four separate cursor keys, and compatibility with most 64 and VIC 20 peripherals available.

In addition, the 264 also offers

graphic characters set on keyboard, keyboard color controls, 320 by 200 pixel screen resolution, reverse and flashing characters, two tone generators and a built-in machine language monitor with 12 commands. No price was announced for the product.

In addition, Commodore introduced a speech module for the 64 that plugs into the user port. The unit carries a built-in vocabulary of 235 words in a female voice. More words and different voices will be available on disk and cartridge. Suggested retail price is \$59.95.

Commodore Business Machines,

Inc., Computer Systems Div., 1200 Wilson Dr., M, West Chester, PA 19380.



Commodore 264 computer



HP-61B hand-held computer

Hewlett unveils hand-held computer

PALO ALTO, CA.—The HP-71B hand-held computer from Hewlett-Packard is optimized for numeric computation and calculation. Designed for engineers, scientists and business people, the computer features enhanced BASIC language and calculation mode. Suggested retail price is under \$550.

Users can store more data, create larger software programs and store a large number of programs with the computer's continuous memory consisting of a standard 17.5 kilobytes of RAM and 64 kilobytes of ROM.

Slots for an optional magnetic card reader and Hewlett-Packard interface loop are built into the HP-71B. Four plug-in slots make the HP-71B expandable by 16 kilobytes of RAM or 256 kilobytes of ROM, or some combination of both.

The unit weighs 12 oz. and measures 3-7/8 by 7-1/4 by one-half in. Its block QWERTY keyboard comes with typing aids for easier program entry. Keyboard is redefinable and overlays are available so users can customize the machine for their specific needs.

An eight-by 132-element, one-line dot matrix LCD display has a large font and features several status annunciators. Twenty-two characters of a 96-character line are displayed at one time. Computer is powered by four disposable alkaline AAA batteries or by A/C power supply.

Hewlett-Packard, Co., 1000 N.E. Circle Blvd., M, Corvallis, OR 97330.



Recoton computer accessories

Recoton targets first-time buyer

LONG ISLAND CITY, NY.—Recoton's 60 new computer accessories are aimed at the first time buyer and come in packages with clear line drawings and simple English to illustrate and explain each item's function.

Among the goods from Recoton are computer cables that meet all new FCC computer regulations, UL-approved surge protectors for data protection against fluctuating electric currents, 5-1/4-in. diskettes, dust covers and storage systems and data cassettes with Teflon-coated reels and high energy tape formulation for accurate data transfer and storage.

Recoton Corp., 46-23 Crane St., M, Long Island City, NY 11101.

Dry system cleans heads with lint-free surface

COLUMBIA, MO.—Interactive cleaner protects disk drive heads. Discwasher Clean Runner, a combination program/cleaner, utilizes a lint-free cleaning surface bonded to a polyester diskette.

The program directs the heads of a computer's drive to a different track for each cleaning.

The Clean Runner is a dry system, and does not use chemicals. Each cleaning operation takes less than 30 seconds to complete, said the firm. The operation works on both single-sided or double-sided drives and is programmed for 20 cleaning operations. Suggested retail price is \$24.95.

Discwasher, 1407 North Providence Road, M, Columbia, MO 65205.

Royal shows first computer

WINDSOR, CT.—Royal Business Machines, Inc. has tossed its hat into the personal computer ring with its Royal Alphatronic Personal Computer. The basic keyboard unit comes with Text Editor, Pointer Pack and built-in Microsoft 5.2 BASIC. It will retail for \$695.

The unit's Z80A microprocessor with 64K RAM and 32K byte ROM can also handle more advanced CP/M software. Built-in interfaces connect a cassette recorder, two disk drives and Centronics-type printers. The RS232-C communications interface connects printers, modem and other peripherals.

Included at no extra charge are RGB for color monitors and an RF modulator for operation with black-and-white and color television sets. Depending on the monitor, the Alphatronic PC can display either 80 or 40 columns by 24 rows. An eight by 12 matrix provides high character resolution.

Six double programmable function keys are included on a 79-character keyboard. The keyboard also features separate numeric keypad, separate cursor control keys, two oversize

return keys, positive touch keyboard and card holder for key function reference.

Royal Business Productivity System will consist of the Alphatronic PC keyboard and a 320K double-sided, double-density disk drive with CP/M operating system. The system will retail for \$1,269 including word processing and spreadsheet software programs from Peachtree.

Royal Business Machines, Inc., 500 Day Hill Road, M, Windsor, CT 06095.



Alphatronic personal computer

New Adam peripherals include disk drive, modem, memory expander and tractor feed

WEST HARTFORD, CT.—Coleco has introduced its first hardware peripherals for the Adam.

A second digital data drive can be installed at the front of the memory console, allowing users to store up to 500K bytes of information.

A 5-1/4-in. disk drive uses double-sided, double-density disks and can store up to 360K bytes of information.

A direct connect modem, the Adam-Link 1200, is a 1200/300 baud fully duplex modem that automatically adjusts to the delivery rate. It comes with AdamLink software.

A 64K memory expander is a RAM card that plugs into the memory console and increases the capacity to 144K from 80K RAM. It also adds 64,000 characters, or 32 additional pages of double-spaced text, to the unit's built-in word processing program.

An accessory kit includes three replacement daisy wheels (Emphasis, Courier 722 and Pica 10), a multi-strike carbon ribbon cartridge, a blank digital data pack and a tape head cleaner with applicator. Daisy wheels, ribbon cartridges, blank digital data

packs and blank 5-1/4-in. floppy disks also are sold separately.

The SmartWriter printer tractor feed snaps onto the printer and holds continuous feed fanfold paper of widths up to 9-1/2-in. No prices had been set at press time.

Coleco Industries, Inc., 999 Quaker Lane S., M, West Hartford, CT 06110.

Unit makes Intellivision compatible with Atari

HAWTHORNE, CA.—Mattel has announced a System Changer add-on peripheral for the Intellivision II that allows the unit to play Atari 2600 compatible games. The unit can be used with Intellivision Master Component model 2609, although it requires factory modification.

The system changer offers features similar to the Atari 2600, including left and right difficulty switches, an on/off and game select switch plus a color/black-and-white switch.

Mattel Electronics, Inc., 5150 Rosecrans Ave., M, Hawthorne, CA 90250.



SG-1000 high resolution CRT

Sakata CRT monitor has non-glare face plate

ELK GROVE, IL.—The SG-1000 CRT monochrome monitor is phosphor green with a non-glare high contrast dark face plate. The CRT features excellent scanning frequency, video circuit, environment temperature and humidity and power input capabilities, said Sakata U.S.A. Corp.

The screen of the 16.5-in. unit is 12-in. high. The SF-1000 is interchangeable with the Apple II, Apple III, Atari 800, Commodore 64, IBM PC, NEC PC, Osborne, TI-99 and VIC 20.

Unit features a beige cabinet. Suggested retail is \$129.

Sakata U.S.A. Corp., 651 Bonnie Lane, M, Elk Grove, IL 60007.

TELEPHONES AND PERSONAL ELECTRONICS PRODUCTS

Casio adds six calculators; feature data bank, memory

FAIRFIELD, NJ—Six calculators have been added to Casio's line of products. Highlighting the new items is a data bank calculator, which permits the user to actually "write" his calculation right on the face of the unit with his finger.

Model PF-8000 can also store a wealth of information, such as a list of things to do, memos or phone numbers. A special code can allow the user to keep certain data private.

The PF-8000 is also a full-featured calculator with memory, square root and percent capabilities. It can store up to 1,000 characters. Expansion module OR-20 can expand the device's memory to 3,000 characters. Both PF-8000 and the OR-20 list for \$69.95.

Model SL-800 is the world's thinnest calculator, maker claimed. It measures 0.8 mm and is the same size as a credit card. This solar model lists for \$24.95.

Model SL-85 can flip open to reveal the display area of the calculator on the top and the large touch-sensitive keyboard on the bottom. This solar model carries a retail price of \$14.95.

A wallet-type calculator, model AQ-3000, also has an alarm clock feature. When the wallet is opened, the time appears on the left-hand side. At

the flip of a switch, the device becomes a calculator. It lists for \$19.95.

Model FR-90 is a 10-digit print/display calculator with a horizontal design. It offers soft-touch rubberized keys, full decimal system, combination print and number key, four-key memory, square root and percentage capabilities. The unit uses 1 1/4-in. plain paper tape and operates on AC adaptor or DC with four penlight batteries. Suggested retail is \$39.95.

Casio, Inc., 15 Gardner Road, M. Fairfield, NJ 07006.



Casio calculator PF-8000

Curley Cords offers volume controller



Speak Up controller

FEASTERVILLE, PA—Curley Cords has a phone volume controller.

The modular device is named Speak Up. On volume up it allows easy listening for anyone with hearing impaired; volume down lowers booming caller voices to a quieter level.

Speak Up takes up less space than a cigarette pack and weighs three oz. The unit connects with modular plugs and requires no batteries for power. It has a suggested retail price of \$19.95.

Curley Cords, 915 Pennsylvania Blvd., M. Feasterville, PA 19047.

Stones phone has group's tongue logo

NEW YORK—Tristar International is offering a line of "personality" telephones. The Rolling Stones phone depicts the logo of the famous rock 'n' roll band; other models include Pink Panther and Marilyn Monroe.

Features include switchable pulse tone, last number redial, mute and bell ringer. Suggested retail prices range from \$53 to \$104.

Tristar International, Ltd., 200 Fifth Avenue, M. New York, NY 10010.



Rolling Stones phone

Timex debuts watches with sporty fashion looks

MIDDLEBURY, CT—Timex is offering new sports watches, which retail for \$80 or less.

The high-fashion Sportsquartz has easy-to-read Arabic numerals, sweep-second hand, calendar window and retails for \$24.95.

The Marathon (\$39.95) analog/digital combination watch is fashioned in all-black resin with red stick markers and a color-coordinated border.

The top-of-the-line Sportsquartz (\$79.95) showcases stainless steel.

Timex Corp., Park Road Extension, M. Middlebury, CT 06762.



Timex Marathon watch



GTE Ultraline phone

GTE phones show modernistic styling

STAMFORD, CT—GTE has expanded its line of retail telephones with the Ultraline series, two-piece models with contemporary styling.

The Ultraline desk or countertop phone is available in two versions, one with pulse dialing, the other with tone. Each retails for \$59.95.

The pulse model permits push-button operation; it also provides last number redial. The "touch calling" model provides access to long distance services.

GTE also introduced a switchable version of the Ultraline (tone/pulse). Features include last number redial and memory storage of up to nine phone numbers. The model has a suggested retail price of \$69.95.

GTE, One Stamford Forum, M. Stamford, CT 06904.

Streamlite debuts; has pushbutton, light

VIRGINIA BEACH, VA—Two-piece feature phones from Interquartz USA, Ltd. include the Streamlite, a pushbutton phone with dial light.

The slim phone offers luminous key buttons for dialing in the dark, tone/pulse switchability, wall or desk mount, ringer control, last number redial, and 10-number, 18-digit phone-number memory.

The firm also has a hands-free phone, model 9802, which enables two-way conversation through a speaker phone. This model also has blinking LED to indicate incoming calls when the mute is switched off, access pause for a PABX system and memory.

Another introduction from the firm is its clock radio phone, with battery backup; LED display clock with drowse and sleep button; pushbutton phone with ringer control; last number redial and mute functions, and access to long distance services.

Interquartz USA, Ltd., 5721 Bayside Road, M. Virginia Beach, VA 23455.

Telephones sport soft-touch keypads

KANSAS CITY, MO—Midland International Corp. has introduced several hardware phones and a Cord-Free unit. The firm has also debuted a 40-channel portable CB radio.

Midland's models 80-414 and 80-416 are traditional two-piece electronic phones with modular jack systems, soft-touch keypads and adjustable two-tone ringers. Model 414 works on rotary and Touch-Tone dialing systems and features hold and automatic redial buttons; it retails for \$49.95. Model 416 (\$59.95) is designed exclusively for high-speed Touch-Tone dialing systems.

Models 80-435 and 80-436 enable pre-programming of up to three phone numbers to be dialed later at the touch of a single, color-coded button. The phones also feature night light, adjustable two-toned ringer, convertible wall/desk mount and soft-touch keypad. They retail for \$59.95 and \$69.95, respectively.

Midland's miniature long-range Cord-Free portable phone (\$149.95) is distinguished by its ultra-small, pocket-sized handset. Features include a hold button for privacy, automatic redial for last number dialed and 700-ft. range.

The firm's Ready Rescue II (\$89.95) is a hand-held 40-channel emergency CB. The transceiver can be plugged into a car lighter for instant power. A mobile antenna can be attached quickly to either the unit or a car top.

Midland International Corp., 1690 N. Topping, M. Kansas City, MO 64120.



Ritam Monty Plays Scrabble

Scrabble game hints at word possibilities

FAIRFIELD, IA—A portable version of the legendary Scrabble crossword game has been debuted by Ritam Corp. "Monty Plays Scrabble" offers a friendly opponent who draws on a 44,000 word vocabulary.

The game can be played by using the provided game and score pad or, if desired, in conjunction with a Scrabble board game and tiles. Monty is able to challenge word configurations, and will offer his opponent hints and encouragement during game rounds.

The game can also assign tiles and play with up to three players at four different skill levels. Monty keeps score.

Monty is a tough opponent, according to maker, and shoots for double and triple word scores while building as tightly as possible on the game board. The higher the skill level selected, the tighter the game Monty plays.

Suggested retail price of Monty Plays Scrabble is \$150.

Ritam Corp., P.O. Box 921, M. Fairfield, IA 52556.

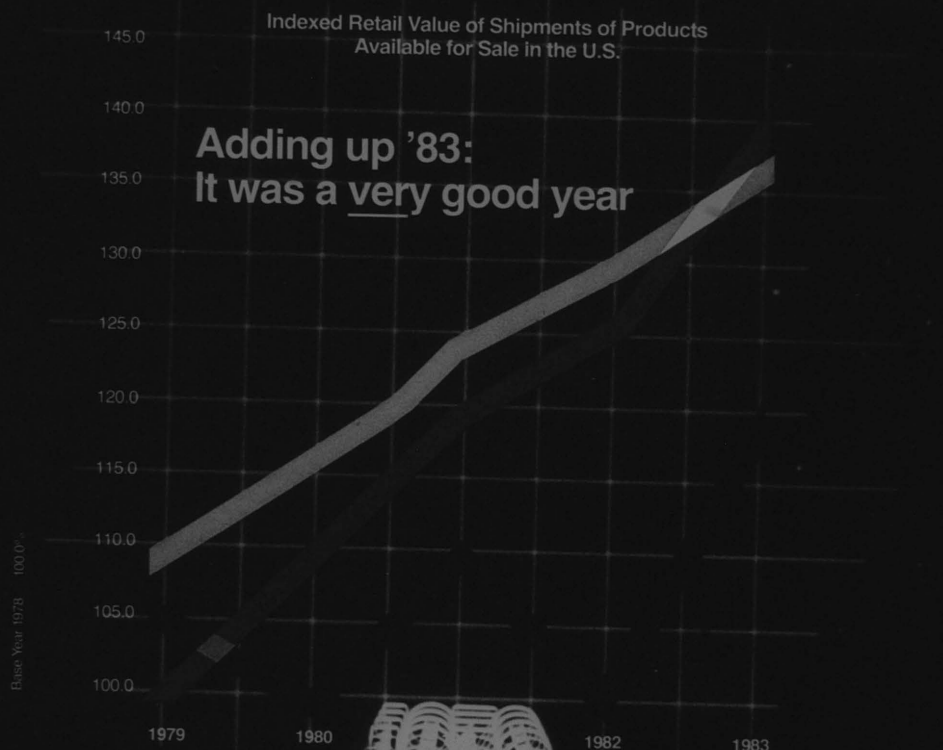


Midland model 80-414

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR RETAILERS, MANUFACTURERS AND MARKETERS



1983

62nd ANNUAL STATISTICAL & MARKETING REPORT

- Consumer Electronics (excluding computers)
- Electric Housewares
- Major Appliances

Also in this issue:

Dealers Strike Gold
With Computer Books

Making The Most Of
The Microwave Boom

Makro Rethinks The
Housewares Business

TRENDINGS IN COMPUTERS

Will computers follow games into the Twilight Zone?

Sometimes one street vendor can say as much about a product as a month of Wall Street Journals. There's a corner of the sidewalk in Greenwich Village where, every weekend, a bunch of part-time entrepreneurs spread merchandise on blankets for quick, low-overhead sales. The "goods" usually consist of items that are broken, tarnished or weren't very desirable to begin with. In other words, it's junk—which is why it was interesting on a recent Saturday to find, nestled among the old ties and broken cigarette lighters, an Atari 2600 videogame.

That incident preceded announcements by Mattel and Milton Bradley that both firms are getting out of the videogame business. Mattel said its electronics division posted an operating loss of \$283.5 million in the first nine months of fiscal 1983. Milton Bradley estimated losses of \$31.6 million from the Vectrex videogame since it acquired COE, the maker of Vectrex, in late 1982.

Walking in its footsteps?

Some fear that as the videogame has gone, so will go the home computer. But do these announcements—only the latest episodes in what appears to be the decline and fall of the videogame—really foreshadow disaster for the home computer? The answer is an unequivocal "probably not." While it's true that the two products are similar in both function and early sales history, there is a key difference between them. And that difference should give the computer story a happier ending than that of the videogame.

Like videogames, a few years ago, computers are flashy, glamorous, fun and on the cutting edge of technology for the home.

Like videogames, they started out pricey and generally have become much cheaper, the result of price wars and rebating.

And like videogames (remember the Magnavox Odyssey?), computers are being produced by a number of firms that are in the business today and out of it tomorrow.

There is a crucial difference between videogames and home computers, however—the nature of which should cause the home computer market to thrive, rather than collapse, under the pressure of competition.

Upon its introduction, the home computer instantly rendered the videogame obsolete. Most computers do anything and everything that videogames do, but they do much, much more. Once the home computer began to catch on, the videogame (even the name indicates that the product only does on thing) was doomed.

The same thing happened to word processors in offices. They were hailed as tremendously innovative when first introduced, and they were. But, like videogames, they used computer technology for a single application. And like videogames, they quickly became obsolete.

Home computer makers, on the other hand, are constantly striving to make their products more versatile. The emphasis is not mainly on superior graphics or acquiring popular arcade games, as it was with videogames. As much attention is being paid to educational possibilities, home ac-

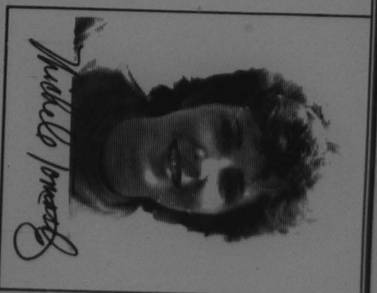
counting, shopping and communicating via modem, and every other possible use of the hardware and software that suppliers can dream up.

Of course hardware sales will level off eventually, but with penetration estimated at six to seven percent, that will not happen for some time. And even if the day comes when every home in the country has a computer, or TV penetration is nearly 100 percent but that hasn't hindered unit sales one bit.

It is also worth noting that even as Milton Bradley was discontinuing Vectrex, the parent firm was unveiling a whole line of new educational software. Despite (or maybe because of) its bad experience in videogames, the company is firmly committed to computer software.

The battles between home computer makers will no doubt continue, manufacturers will come and go, this year's success story will be next year's disaster, but the category itself will remain strong, because the product has so many applications. The market bears careful watching, but sleepless nights need not be part of the bargain.

On the other hand, if I walk by a street vendor and see an IBM PC, I'll let you know. ●



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1983 was a year of rebuilding for consumer electronics, major appliances and housewares.

One huge, collective sigh of relief. That's what those with their ear to the industry heard as 1983 drew to a close.

For many manufacturers of consumer electronics, major appliances and housewares, it was a year of revival. Many old products sprang back to life. Some younger ones seized their chance to shine. And a number of new introductions took off faster than anyone had thought possible.

Fun with numbers

Looking at the figures, we find that the major appliance industry experienced probably the biggest bounce back to health. Unit shipments climbed a whopping 19.3 percent in 1983 over 1982. This compares with a 13.1 percent drop the year before.

And while retail prices were up only 0.3 percent, retail value of all units shipped soared 19.7 percent, further indication of what a strong year it was.

Consumer electronics experienced a 13 percent jump in unit shipments, its largest gain in years and more than double the 5.3 percent increase experienced in 1982 over 1981.

Here, retail prices actually dropped, by 0.4 percent. Still, retail value of the products shipped registered a gain of 12.5 percent.

Housewares also showed good growth, although not quite as much as the other two hardgoods categories tracked. Unit shipments climbed 6.7 percent, compared with a 1.2 percent drop last year. Retail prices were up 2.4 percent, with retail value increasing 9.2 percent.

All in all, a very good year.

And the winners are...

Looking at the industry product by product, we find a number that really stood out in 1983, a few (other than those actually introduced last year) that managed to generate growth of greater than 100 percent in units shipped.

In this august group, we find telephones (+246.6%), computer furniture (+166.7%), telephone answerers (+141.2%) and, of course, personal computers (+130.8%).

Next in line for glory are products that generated increases ranging from 50 to 100 percent. Here we find VCR's (+98%) and blank videocassettes (+60.6%).

Many products found their shipments increased between 25 and 50 percent in 1983, including video cameras (+49.6%), prerecorded videocassettes (+47.6%) and videodisc players (+30%). A large number of major appliances fell into this bracket: microwave ovens (+43%), electric ranges (+39.1%), dishwashers (+40%) and disposers (+30.5%).

Finally, singled out for honors, are even more products that produced an increase in shipments ranging from 10 to 25 percent.

In consumer electronics, this includes color TV's (+22.5%), projection TV's (+21.7%), scientific calculators (+19.5%), radar detectors (+16.7%), equalizers (+16.2%), quartz watches (+15.4%), printer calculators (+15%) and videogame software (+12%).

Major appliances in this category include refrigerators (+20.4%), dryers (+19.1%), compact refrigerators (+15.2%), gas ranges (+14.1%), washers (+13.8%) and electronic air cleaners (+10.1%).

A vast number of housewares also generated this kind of growth last year. They include waffle iron/sandwich grills (+22.2%), ceiling fans (+21.9%), hand-held massagers (+18%), electric woks (+17.9%), coffee grinders (+13.3%), bathroom scales (+13.2%), massager foot-baths (+11.7%), electronic bug killers (+11.6%), cookware and bakeware (+11.3%), deep fryers (+11%), microwave cookware (+10.5%) and facial saunas (+10%).

Needless to say, this same sort of analysis done last year would have yielded a much shorter list. Which is to say, once again, hurray for '83.

What about tomorrow?

As for 1984, we are off to a good start. The question now is whether or not that lead can be sustained. At press time, some economists are claiming that the recovery will continue, while others are saying no, it will not.

Which leaves us pretty much right where we usually stand, working as hard as we can and hoping for the best—that 1984 will end up just as '83 did, a great year ending on a note of promise.

—Lee Rath
editor

How we did it

The data presented in *Merchandising's* 62nd Annual Statistical and Marketing Report is based on information provided by leading manufacturers (and/or their agencies) of the many product lines listed. While most of the information was gotten via mailed questionnaires, a considerable number of in-person and telephone interviews were conducted by *Merchandising's* editors in an attempt to make the number of respondents as sizable as possible.

Survey participants were asked to give their best estimates of the percent change in the number of units shipped, industrywide, for the particular line of merchandise in question. The period covered was the calendar year being surveyed as compared with the previous year. For this report, the 62nd in the series, the change requested was for 1983 vs. 1982. Where a potential respondent was not in considerable agreement with our estimate for 1982 (printed in March 1983), that informant was asked to provide his "corrected" 1982 figure. Respondents were advised that "shipments" as used in this study, include products imported from foreign companies, but exclude products exported by U.S. manufacturers.

The number of units shipped in a particular year, therefore, represent the shipments of products available for sale in the U.S.

Readers are cautioned that all information published in this 62nd annual report is based on consensus rather than census. The questions asked of our respondents, whether by questionnaire or by interview, referred to their opinions of the industrywide changes rather than to individual company performances. None of the manufacturers were asked for the annual changes in their own company's shipments, or in retail prices of their own brand of merchandise. Instead, they were asked to indicate how much the overall total shipments had changed percentage-wise, and what changes there were in the average retail prices for the product category on which they were reporting.

It is understandable, therefore, that information that these manufacturers get from government agencies, market research companies, and their own trade associations (the Electronic Industries Association/Consumer Electronics Group, the Association of Home Appliance Manufacturers, the National Housewares Manufacturers Association among them) would influence the answers to *Merchandising's* questions and, therefore, the results printed here. In some cases, the consensus provided us was so supportive of the estimates distributed by one or more of the aforementioned associations, that the figure we published was very close to the one provided by that organization. In those cases where *Merchandising's* estimates were significantly different than that of a leading association, the reason was usually because of some differences in definition, or that we include imports, or exclude exports... or all of these combined.

The editors of *Merchandising* and its market research staff are grateful to the many manufacturers, and their agencies who gave us the benefit of their knowledge of these industries. This report and its many predecessors were made possible by their cooperation.

—Robert Leibson
research director

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Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and Matea Esquerra and Pat Jagbandhansingh, research associates. Telephone work was handled by editorial trainee Susan Kirsch.

Design: Bralow Ink

5 YEAR TABLES HOME AND AUTO ELECTRONICS

62ND ANNUAL STATISTICAL AND MARKETING REPORT

PRODUCTS	1983		1982		1981		1980		1979	
	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)	NUMBER SHIPPED (000)	RETAIL VALUE (\$000)
PERSONAL ELECTRONICS										
Calculators, Total	30,895	925,351	29,030	902,240	28,260	831,840	26,502	841,280	25,380	843,063
Hand-Held, Total	26,023	458,694	24,492	456,265	23,905	409,481	22,288	419,514	21,317	425,333
Mini-Card	2,507	40,087	2,406	40,493	2,760	46,920	2,754	57,834	2,598	57,156
Printer	1,395	66,374	1,302	68,837	824	44,496	659	47,448	573	47,559
Programmable	135	18,046	123	16,359	106	14,840	88	13,640	82	13,530
Other, Total	21,986	334,187	20,661	330,576	20,215	303,225	18,787	330,592	18,064	307,088
Scientific	5,687	*	4,760	*	4,367	*	*	*	*	*
All other	16,299	*	15,901	*	15,848	*	*	*	*	*
Desk-Top, Total	4,872	466,657	4,538	445,975	4,355	422,359	4,214	421,766	4,063	417,730
Display Only	938	56,421	875	52,894	915	55,815	927	54,693	946	56,760
Printer Only	1,012	85,251	880	73,982	1,123	95,455	1,095	95,265	1,106	99,540
Printer/Display	2,922	324,985	2,783	319,099	2,317	271,089	2,192	271,808	2,011	261,430
Personal Computers†	4,500	—	1,950	—	750	—	371	—	246	—
Radar Detectors	710	109,823	608	104,497	518	87,542	464	72,848	576	69,660
Telephones†	19,135	1,167,591	5,521	471,939	3,155	289,395	2,643	222,779	2,244	163,156
Telephone Answering Devices	2,094	263,844	868	131,936	697	111,520	579	92,640	495	80,685
Videogames	6,280	487,768	6,542	846,862	4,010	519,095	2,806	327,909	2,700	201,177
Videogame Software	68,320	1,699,802	61,000	1,525,000	36,000	972,000	**	**	**	**
Non-Video Electronic Games†	14,047	—	14,045	—	16,539	—	19,702	—	16,083	—
Watches, Quartz	54,939	1,732,271	**	**	**	**	**	**	**	**
Digital†	24,939	502,271	24,274	611,219	23,595	625,268	21,163	623,030	19,717	648,654
Analog†	30,000	1,230,000	**	**	**	**	**	**	**	**
ELECTRONICS FURNITURE										
Electronics Furniture, Total	5,168	668,009	4,628	556,868	4,144	487,334	**	**	**	**
Audio (components)	887	139,108	820	125,485	863	129,500	**	**	**	**
Audio/Video Centers	149	56,885	145	54,705	127	44,432	**	**	**	**
Home Computer Tables	400	62,620	150	23,250	50	7,500	**	**	**	**
Microwave Oven Carts	651	88,263	611	80,223	575	71,875	**	**	**	**
Stereo Carts	119	7,627	132	8,525	160	10,830	**	**	**	**
Television Carts	2,332	205,682	2,172	182,411	2,088	167,043	**	**	**	**
TV/VCR/Videodisc Player Carts	460	99,604	331	68,912	281	56,154	**	**	**	**
Videogame Carts	170	8,220	267	13,357	—	—	**	**	**	**

*Not broken out separately

**Category not reported

†See Highlights charts for further information

(See 'How we did it,' page 15, for credits)

Records were broken in video, computers, telephones and personal electronics

Oh, what a year that was!

In most quarters of the consumer electronics industry, 1983 was a year for setting records. VCR's, color TV's, computers, telephones and more all found themselves in the national spotlight. And while there may have been problems, they tend to fade from memory when we look at that bottom line for units shipped:

- Four million VCR's
- Fourteen million color TV's
- Four and a half million computers
- Nineteen million telephones

These rounded figures give you an idea of just what kind of a year it was. And the good news is that the boom's not over yet. Early reports on the first weeks of 1984 show the surge continuing.

Video at the vanguard

Definitely the hottest category, both numbers- and dollars-wise, is video. And there, the most notable gains were made in VCR shipments. They doubled over 1982's, thanks to plunging prices and an improved economy. With saturation nearing the magical 10 percent mark, the VCR is getting well entrenched as a staple in many homes. Can anything stop it? We certainly hope not. If the new eight-mm systems can just be slipped into the market—expanding it without shaking it up—all should go well.

Meanwhile in prerecorded video, the big news this year was the birth of the \$39.95 price point for the hottest-selling hits. Titles such as Flashdance and Raiders of the Lost Ark helped the category post close to a 50 percent jump in units shipped, and converted many former renters into buyers.

VCR owners are, however, doing more than just watching prerecorded flicks. This is evidenced by a 40 percent gain in the number of blank tape shipments. Now, with the Supreme Court decision behind us, this market, too, can look forward to unchecked growth in the years to come.

As for the videodisc player, it continues to fail to live up to its promise, either in the CED or the laser format. But don't count this product out yet.

Interactive capabilities have given these products powers that most consumers are not yet aware of. But they will be soon. And then: Watch out.

With everyone giddy over video, it's only natural that the industry workhorse, the color TV, should find itself back into the center ring. Shipments climbed more than 20 percent here, a sure sign that a quality picture is as important as the programming to the consumer.

Audio enters the laser age

The arrival of the compact disc took the audio industry by storm in 1983. Although only 45,000 units were shipped, that figure is expected to climb dramatically this year. Prices on second-generation models are down and manufacturers have stepped up their production lines to meet the demand.

Already, we're seeing prototypes of CD players for the car, and hearing rumblings of portable products close at hand.

Speaking of portables, that segment of the audio market continued to generate most of the non-digital excitement last year. Shipments of both personal portables and boomboxes continued to climb, as these products move from "fad" to "must have" status for many consumers.

As for autosound, the market seems to have hit a plateau as a whole, although shipments of indash cassette/radio combos continue to climb. Signs that this business is starting to mature should not go unnoticed.

It could have been so good

Although computers registered a healthy growth in units shipped last year, things could have been much much better. And hardware makers have no one to blame but themselves.

Reckless attempts to gain market share resulted in a round of cutthroat price slashing. And the long-predicted shakeout that ensued left many companies licking their wounds.

Insult was added to injury when several hardware makers missed their big chance at Christmas by failing to deliver promised goods. Atari's new XL series and Coleco's Adam were among the heavily under-delivered products.

(continued on page 25)

ELECTRONICS HIGHLIGHTS

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VIDEO

BLACK & WHITE TV SHIPMENTS

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Battery-powered	1,785	1,623	+10.0%
Non-battery-powered	3,976	4,127	- 3.7
Total	5,761	5,750	+ 0.2%

B&W TV SHIPMENTS BY SCREEN SIZE

Screen Size	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
10 in. & under	1,385	1,226	+13.0%
11 to 12 in.	4,094	4,128	- 0.8
Over 12 in.	282	396	-28.8
Total	5,761	5,750	+ 0.2%

COLOR TV SHIPMENTS

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
With Remote Control	5,207	3,825	+36.1%
Without Remote Control	8,732	7,552	+15.6
Total	13,939	11,377	+22.5%

COLOR TV SHIPMENTS BY SCREEN SIZE

Screen Size	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Portable & Table, Total	11,131	8,928	+24.7%
13 in. & under	3,207	2,272	+41.1
14 to 17 in.	563	619	- 9.0
18 to 19 in.	6,727	5,696	+18.1
20 in. & over	634	341	+85.9
Console & Combo, Total	2,808	2,449	+14.7
23 in.	153	209	-26.8
25 in.	2,655	2,240	+18.5
Total	13,939	11,377	+22.5%

COLOR TV SHIPMENTS

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Cable-Ready	7,674	5,701	+34.6%
Non-Cable-Ready	6,265	5,676	+10.4
Total	13,939	11,377	+22.5%

(continued from page 23)

Discounting was also a key factor in the videogame market in 1983. The gain in software unit shipments was eaten away by plunging retail prices. Casualties cropped up everywhere.

Meanwhile, industry members continue to debate the videogame's future. While many retailers say they'd be happy to just call the whole thing off, the manufacturers keep hinting that brave new technologies—most

(continued on page 26)

VIDEOCASSETTE RECORDER SHIPMENTS BY TYPE

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Portable VCR	713	427	+ 66.9%
Deck VCR	3,307	1,603	+106.3
Total	4,020	2,030	+ 98.0%

VIDEOCASSETTE RECORDER SHIPMENTS BY FORMAT

Format	1983 Units (000)	1983 Retail Value (\$000)	1982 Units (000)	1982 Retail Value (\$000)
Beta	897	\$548,785	490	\$343,000
VHS	3,123	1,753,877	1,540	1,001,000
Total	4,020	2,302,662	2,030	1,344,000

VIDEO CAMERA SHIPMENTS BY TYPE

	1983 Units (000)	1983 Retail Value (\$000)	1982 Units (000)	1982 Retail Value (\$000)
B&W	—	—	10	\$2,537
Color	410	\$357,992	274	262,906
Total	410	357,992	284	265,443

PRERECORDED VIDEOTAPE SHIPMENTS BY FORMAT

Type	1983 Units (000)	1983 Retail Value (\$000)	1982 Units (000)	1982 Retail Value (\$000)
Beta	2,633	\$131,492	1,960	\$113,288
VHS	6,973	389,163	4,550	293,930
Total	9,606	520,655	6,510	407,218

PRERECORDED VIDEOTAPE SHIPMENTS BY TYPE

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
General Interest	7,317	4,400	+66.3%
X-rated	2,289	2,110	+ 8.5
Total	9,606	6,510	+47.6%

VIDEODISC PLAYER SHIPMENTS BY TYPE

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
CED	274	210	+30.5%
Laser	38	30	+26.7
Total	312	240	+30.0%

VIDEODISC SHIPMENTS BY TYPE

Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
CED	4,034	2,809	+43.6%
Laser	1,334	936	+42.5
Total	5,368	3,745	+43.3%

ELECTRONICS HIGHLIGHTS

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AUDIO

BLANK AUDIOCASSETTE SHIPMENTS BY TYPE			
Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Metal Particle Tape	1,035	1,012	+2.3%
*Premium	142,522	132,826	+7.3
Promotional	108,298	102,506	+5.7
Total	251,855	236,344	+6.6%

HOME RADIO SHIPMENTS BY POWER SOURCE			
Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Plug-in	10,125	9,639	+5.0%
Battery-Operated	8,958	8,204	+9.2
AC/DC Combo	9,105	8,675	+5.0
Total	28,188	26,518	+6.3%

HOME RADIO SHIPMENTS BY TYPE			
Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
AM only	2,576	3,180	-19.0%
FM & AM/FM	25,612	23,338	+9.4
Total	28,188	26,518	+6.3%

CLOCK RADIO SHIPMENTS BY TYPE			
Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Analog	524	785	-33.3%
Digital, Total	8,677	7,804	+11.2
Electronic Display	7,918	6,637	+19.3
Mechanical Leaf	759	1,167	-35.0
Total	9,201	8,589	+7.1%

SPECIALTY RADIO SHIPMENTS BY TYPE			
Type	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Multi-band	6,258	6,594	-5.1%
Weather-band	1,069	1,075	-0.6
Scanners	780	829	-5.9%

*High coercivity ferrite, cobalt ferrite, etc.

(continued from page 25)

likely, the interactive videodisc—will save the day before the year is out.

The year of the phone

While members of the computer and videogame industry were busy beating each other up, telephone manufacturers were hard at work trying to turn 1983 into the year of the phone. With the breakup of AT&T looming, the media was bombarded with stories about the ramifications.

As a result, consumers were forced to look closely at the situation. And many chose to buy their own phones, finding that, over the long run, it would generate substantial savings.

Phones of all kinds—from decorator models to basics to cordless—fared extremely well. Booming sales brought all kinds of new manufacturers and retailers into the picture—a picture that changed almost daily.

Telephone answerers also saw substantial growth in '83. But still, there's

PERSONAL ELECTRONICS

BLANK FLOPPY DISK SHIPMENTS			
	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Blank Floppy Disk	193,000	119,000	+62.2%

TELEPHONE SHIPMENTS				
Type	1983		1982	
	Units (000)	Retail Value (\$000)	Units (000)	Retail Value (\$000)
Standard	6,500	\$206,050	1,406	\$45,765
One-Piece	5,500	69,575	1,000	22,000
Decorator	2,058	209,504	1,592	159,200
Advanced Electronic	589	72,094	536	77,184
Cordless	4,488	610,368	987	167,790
Total	19,135	1,167,591	5,521	471,939

NON-VIDEO ELECTRONIC GAME SHIPMENTS			
	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Board (strategy)	3,626	3,357	+8.0%
Hand-Held	10,421	10,688	-2.5
Total	14,047	14,045	+0.1%

DIGITAL WATCH SHIPMENTS BY TYPE			
	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Men's	18,186	17,673	+2.9%
Ladies'	6,753	6,601	+2.3
Total	24,939	24,274	+2.7%

ANALOG WATCH SHIPMENTS BY TYPE			
	1983 Units (000)	1982 Units (000)	Percent Change 1983/1982
Men's	12,000	9,330	+28.6%
Ladies'	18,000	13,998	+28.6
Total	30,000	23,328	+28.6%

room to grow as this device becomes a necessity, not just a luxury, for increasing numbers of busy households.

Other personal electronics categories also saw advances in technology and design translated into increased shipments last year. Calculators and watches stand among the products that did well.

In fact, the only category in the personal electronics arena to chalk up a loss is the electronic game of the non-video variety. However, signs are that the market is stabilizing around fewer suppliers. Plus, more challenging games, now appearing on the horizon, should give this category a good, long, healthy future.

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sr. assoc. ed./video & audio

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MERCHANDISING

Retailers realize fast turns, high margins from rack-jobbed computer book displays

By Michele Tomasi, sr. assoc. ed.
TROV, MI—Many retailers are dis-

covering that computer books can deliver the high margins and volume that their inspiration—computer hardware—often cannot.

For example, K mart, among the most recent mass merchandisers to offer computer books, anticipates up to seven turns on some of the 792 rack-jobbed outpost displays it has installed since October.

Another reason why mass merchandisers are being drawn to computer books is that they can be efficiently displayed in very little space. This translates into a high rate of sales per square foot. And because books are often rack-jobbed by distributors, they require a minimum of service and attention.

The books' compact size may permit mass merchandisers to offer a wider selection than the relatively small number of titles many are starting out with. And greater selection may be necessary in the future to compete with the mushrooming computer book departments in many bookstores.

Meanwhile, support in terms of advertising and shelf space appears to mean the difference between a successful or an unsuccessful computer book department. This is evidenced by the lethargic book sales at one chain where store managers would rather devote shelf space to software and peripherals.

Most are rack-jobbed

Rack-jobbed outpost displays positioned near the computer department and serviced by distributors seem to be the most effective way to merchandise computer books.

The distributors track how titles are selling, keep abreast of new books and decide which ones are well-written and appropriate for the mass market. With an overwhelming number of new titles coming out each year, 1,500 in 1983, these services can save retailers a great deal of time.

A spokesperson from Charles Levy Co., a Chicago book distributor which services K mart, said the same selection of 28 computer books was shipped to 565 K mart stores this past October. Additional outpost displays, which stand seven shelves high and measure two ft. wide, were placed in 127 stores in late January.

Computer books in these outpost displays sell three times better than those available in K mart's general book departments, the distributor's spokesperson said.

The computer book selection, retail priced between \$8.95 and \$18.95, does not include any IBM books and only a few Apple-oriented titles. The remainder are either compatible with computers sold or once sold by K mart (Texas Instruments, Commodore and Atari) or are non-machine specific.

TI sells best

So far this year, books about Texas Instruments computers were selling "phenomenally well because K mart sold so many TI computers at Christmas," the spokesperson said. "I've never seen anything like it. It really demonstrates that people tend to return to the store where they bought the computer to buy things like



COMPUTER BOOKS SELL three times better at K mart when they are placed in outpost displays near the electronics department.

software, peripherals and books."

Conservative estimates place turns of the K mart computer book outpost at four times a year with some expected to generate up to seven turns. Christmas alone usually accounts for one turn, the spokesperson said.

Normally, Charles Levy services its outposts once a quarter to add new titles and eliminate poor performers. "But we're examining K mart outposts more frequently because they are so new and results have been so good," the spokesperson said.

Another discount store chain, stretching from Indiana to California, also placed computer book outpost displays in its 210 units this past fall. So far, computer books on these secondary displays near the electronics department have outsold those buried in the general book departments, a spokesperson said.

Margins on the books are high because the chain is buying directly from publishers. Nevertheless, it is "reconsidering" that policy since volume fell substantially after the holidays.

Expectations are high for the computer book displays placed in 60 Super Sateway stores in the western part of the country Jan. 1. These deluxe stores sell computers and photography equipment as well as groceries.

Commodore starts bookware division

WESTCHESTER, PA.—Even the computer hardware and software manufacturers want to get a piece of the action in books. The latest to join in is Commodore, a new Bookware Division is launching which has announced it is launching a new Bookware Division to handle books, book-and-software sets and computer magazines.

"The aftermarket for these products is enormous, considering our huge installed base of computers," said Commodore Software president Sig Hartmann. The company sold more than 600,000 programmer's reference guides in 1983 alone, he said.

And a New York City-based software distribution company, Softsync, Inc., has announced that its stable of programmers has started writing books. The first, Brain Games, was published by Brady Co. A games collection, it illustrates specific points in math and logic.

—M.T.

ies. Close to a turn a month is projected for the rack-jobbed displays carrying Commodore, Atari, TRS-80, TI, Apple and IBM books.

Sateway, which only carries Commodore computers after discontinuing the Atari and TI lines, is obviously not counting on repeat or add-on sales. Instead, the chain is relying on high-traffic positions near the record and tape department to spur impulse purchases, according to Mike Ellis, vice president, Major Distributors, the computer book distributor supplying Sateway.

Adding more clients

Ellis added he is negotiating with the Pay 'n' Save and Bon Marche chains to install similar displays with between 30 to 40 shut's.

Not all retailers, however, are experiencing such strong book sales. This is the case with a 56-store electronics chain based in Minnesota. A spokesman there believes "more consumers are going to book stores to buy computer books. We can't compete with them in terms of advertising and selection. And book stores are really promoting their computer books heavily now."

In response to this competition, the chain sells the majority of its computer books as add-ons to people who have just purchased one of its Apple, Epson or TI Professional computers. But that still isn't enough to produce "the turns we would like," the spokesman said.

This same retailer did have an excuse the expression—"novel" use for its computer books, however. The publications double as "textbooks" for the store's staff of sales consultants who are encouraged to keep well-informed about products they sell. Each one of the 15 to 20 titles rack-jobbed by Prentice-Hall to the chain is chosen with this secondary use in mind, the spokesman said.

Team Central is another chain that has not been overwhelmed by the sales performance of its computer books. Computer buyer Mark Hempel cited several factors for this, including competition from the dozens of machine-specific magazines cropping up on newsstands.

Also, the books are not a high priority with Team Central's franchise managers, who prefer to give shelf facings to software and peripherals, according to Hempel.

"The managers feel that books should be left up to the B. Daltons of the world," he said. "Our books have never been properly merchandised. They should be rack-jobbed."

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COMPUTERS

Vendors pledging big bucks to push computer software

By Michele Tomasik, sr. assoc. ed.

LAS VEGAS—Computer software dealers can expect to see much more promotional and advertising activity this year from vendors who are working to cement brand loyalty among consumers.

Ad budgets are being stepped up, in some cases, dramatically. And marketing, in the form of rebates, coupons and free offers, will play a larger role in software merchandising. One manufacturer has even hired celebrities to write its programs.

Most vendors agree that non-game software will comprise a larger portion of their lines this year, with higher margins compensating for less frequent purchases. In addition, disk-based programs will become more popular as the programming gets more sophisticated and the price of disk drives falls to more affordable levels.

All this is being done to capture a share of what Future Computing, Inc., estimates will be a huge market by the end of the decade. By 1989, the company predicts, home productivity software will reach the billion-dollar level, while educational titles will hit \$1.3 billion and games—still king—should achieve about \$3 billion in sales.

Leads the way

A number of software companies are planning significant increases in their promotional and advertising budgets this year. Among them:

- **Spinnaker**, one of the first software companies to stress marketing and promotion strategies, will spend \$6 million in mostly print advertising in 1984 to create a brand name image. "We plan to make the Spinnaker name as well-known and as trusted in educational software as Johnson & Johnson in health and beauty aids and Eastman Kodak in film and cameras," said chairman William Bowman.

Spending will average \$500,000 a month compared to \$300,000 a month in 1983 and \$30,000 a month in 1982.

TV advertising, however, is not in the cards for Spinnaker until the computer's household penetration reaches 15 to 20 percent, making the medium more cost efficient.

Bowman estimates penetration at

six to seven percent right now and predicts it will reach the 15 to 20 percent mark by 1985.

To beef up its efforts, Spinnaker has hired several executives from the promotion-oriented packaged goods field. "No one has the level of marketing expertise that we do," Bowman said. Among the consumer promotions sponsored by the company in recent months was a buy-five-get-one-free offer that generated three times more proofs than expected. A free point-of-purchase poster promotion will be launched soon.

Promotions and p-o-p displays are coordinated by a field merchandising and sales force that services direct accounts, mass merchants, retail chains and large stores.

All this spending has paid off in a "very loyal customer base," Bowman said. "The latest survey of our warranty cards shows 75 percent of all buyers already owned a Spinnaker product."

- **Micro Education Corp. of America (MECA)** may rival MGM if it enlists as many celebrity program designers as it would like. The company will announce two more celebrity-designed software titles in June at the CES.

The already-released *Managing Your Money* by personal financial advisor Andrew Tobias will be promoted in 200,000 pop-up magazine inserts this April. The IBM-, Apple-, and Atari-compatible program will retail for \$199.95. At the same time, the IBM- and Apple-compatible *Jim Fixx Running Program*, also released in the first quarter, carries a \$79.95 suggested retail.

Both programs will be heavily promoted with \$600,000 worth of advertising that will coincide with the Summer Olympic Games in Los Angeles, and both authors will make personal appearances at stores across the U.S.

MECA's celebrity marketing concept is not just a gimmick, president Jerry Rubin stressed. "It lends credibility to our programs. Plus, Tobias wrote 220 of the 350 screens that make up his financial management program."

"All of our non-literacy programs will be celebrity written," he said.

The relatively high price of MECA software is "justified because they are better programs, and we use the money to pay for advertising and promotions," Rubin said. MECA is owned by Marketing Corp. of America, a company which specializes in sales promotion.

- **HesWare's** advertising budget will double this year compared with 1983, according to marketing manager Michael Humphress. Much of the advertising will fall into the general interest category as the company tries to expand awareness of its products beyond specialty computer magazine readers. Fliers, banners and pocket sales guides are part of the paraphernalia HesWare will provide to its dealers.

- **Sierra-On-Line** also is planning a "dramatic" increase in ad expenditures. Some of the money will be funneled into cable TV. In addition, poster and rebate offers are being designed to support the 20 new titles that the company will introduce this year, according to president Ken Williams.

- **Electronic Arts**, aiming to simplify things for its retailers, makes its promotions "as turnkey as possible for our mass merchandise clients," reported president Trip Hawkins.

Ever since the company began shipping product nine months ago, it has bypassed distributors and sold directly to 2,000 retail stores. This allows the firm to maintain tighter control over inventory and prevents discounting, Hawkins explained.

Selling direct also allows Electronic Arts to monitor promotions closely and service its videotape demonstration machines and "album-style" software displays.

- **Synapse** will sink 10 percent of the revenues its new *Relax* biosensory software generates into advertising for the product, according to Jon Loveless, vice president of marketing. *Relax* includes a 20-minute audiotape and a headband equipped with electronic sensors that read muscle impulses and transfer them to the monitor screen. Advertising is slated for *Psychology Today* and *Omni* magazines.

- **Micro Software International** is supporting new and current products with a seven-figure ad and marketing budget, according to executive vice president Robert Shapiro. "My colleagues and I all have backgrounds in a mature market (audio) and we understand distribution channels, dealer support and marketing," he said. The firm projects sales of up to \$8 million this year.

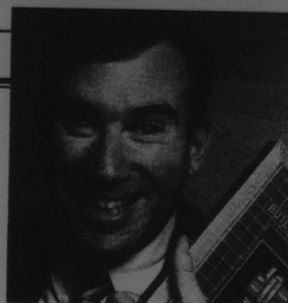
Non-game titles unveiled

In pursuit of more classic software with longer shelf lives, suppliers have introduced a host of non-game titles in the education, home management and personal improvement categories.

CBS Software, taking education seriously, has signed publishing agreements with Children's Television Workshop and the National Association of Secondary Schools, among others. Some of the company's preschool titles star such well-known personalities as Sesame Street characters and Mr. Rogers.

"I'll agree the line between educational and entertainment can be fuzzy sometimes," said manager of software product development Linda Rosenblum. "But there is some valid educational software out there."

"In the past, 70 percent of CBS



200,000 ADS for *Managing Your Money* will pop out of magazines next month, according to MECA president Jerry Rubin.

Software's line was aimed at children," Rosenblum continued. She expects that to drop to 50 percent by the end of the year. A new emphasis on the young adult and adult markets means CBS will expand its Career Time and School Time software categories which already include a *Managing For Success* series and *Mastering the SAT*.

Of the 11 new titles recently introduced by Creative Software, traditionally a game company, five are productivity, five are educational and only one is a game. The firm said it realized the viability of non-game software when it sold 200,000 copies of *Household Finance* to Commodore 64 computer owners.

Creative's latest entry in the productivity category is an integrated series called *The People's Choice*. It consists of *Creative Calc*, *Creative Filer* and *Creative Writer*. Each retails for \$49.95.

Entertainment titles accounted for 58 percent of Broderbund's sales in 1983, said president Doug Carlston. This should fall to 30 percent in 1984 while productivity software jumps to between 35 and 40 percent of sales, and business and education programs generate between 15 and 20 percent of sales each.

"This doesn't reflect our move away from entertainment as much as the fact that entertainment sales are flat this year," he said. "Our major emphasis will be on productivity."

Historically, 70 percent of the programs sold by Sierra-On-Line have fallen into the entertainment category. But sales will be more evenly distributed in 1984 among entertainment, productivity and home management, Williams said.

As a result of the new concentration on non-game software, more manufacturers are turning to disk-based programs that can hold 10 to 20 times more information than a cartridge.

"I want 1984 to be the year of the disk drive," said Electronic Arts' Hawkins. All the company's titles are disk-based, and he is confident that most computer owners will buy disk drives in the near future.

Not all companies, however, are so sure.

CBS software is trying to establish the relative appeal of the tape, disk and cartridge formats before committing to any of them, Rosenblum said. In the meantime, the software division is issuing many titles in all three formats to see which sells best.

But that's just 1984. In the future, technological changes undoubtedly will alter the picture once again.

"Today the industry is moving towards disk-based software," said Broderbund's Carlston. Nevertheless, he observed, the price of cartridges is falling while their memory capacity is increasing. What this signals for the years to come is anybody's guess.



CONTINUED CONCERN about adult health and fitness is proven by the latest personal improvement software shown above. Running, diet and stress reduction are topics from MECA, Micro Software International and Synapse.

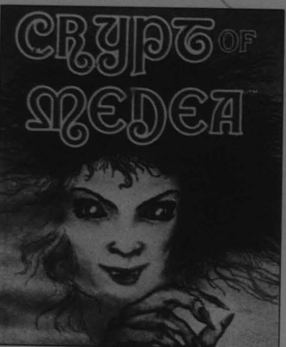
NEW RELEASES IN SOFTWARE

COMPUTERS

GAMES



AGENT USA, Scholastic, Atari series-, IBM-, TI 99-, VIC 20- and Commodore 64-compatible. Available now. Suggested retail \$39.95.



CRYPT OF MEDIA, Sir-Tech Software, Apple II-, II+-, IIe- and III-compatible. Available now.

DRAGONRIDERS OF PERN, Epyx, Atari series- and Commodore 64-compatible. Available now.

JAMES BOND, Parker Brothers, Atari series-, ColecoVision- and Commodore 64-compatible. Available in April. Suggested retail \$40.

MOTHERSHIP, Softsync, Inc. Commodore 64-compatible. Available now. Suggested retail \$29.95 on disk; \$24.95 on cassette.

OPERATION WHIRLWIND, Broderbund Software, Commodore- and Atari series-compatible. Available now. Suggested retail \$39.95.

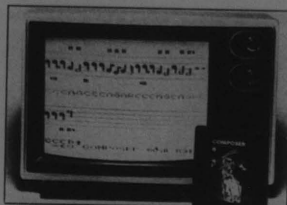


REGATTA, Howard W. Sams & Co. Apple II-compatible. Available now. Suggested retail \$29.95.

LEARNING

CHATTERBEE, Tronix Publishing, Inc. Atari- and Commodore 64-com-

patible. Available now. Suggested retail \$39.95.



COMPOSER, Micro Software International, VIC 20-compatible. Available now. Suggested retail \$14.95.

DANCING FEATS, Softsync, Inc. Commodore 64-compatible. Available now. Suggested retail \$199.95 with

PowerPad and computer interface.

MUSIC CONSTRUCTION SET, Electronic Arts, Apple II-, II+- and IIe-compatible. Available now. Suggested retail \$40.

MUSICLAND, Syntauri, Apple II-compatible. Available now. Suggested retail \$150.

64 PAK, Micro Software International, Commodore 64-compatible. Available now.

TEASERS BY TOBBS, Sunburst Communications, Inc. Apple-, Atari-, Commodore 64-, IBM PC- and TRS-80-compatible. Available now. Suggested retail \$39.95.

TYPING INSTRUCTOR, Individual Software, IBM PC- and PCjr-compatible. Available now. Suggested retail \$49.95.

HOME MGT.

GROCERY LIST, Computerized Management Systems, Apple II-, II+- and IIe-compatible. Available now. Suggested retail \$34.95.

HOME FINANCIAL MANAGEMENT, Thorn EMI Video, Atari series-compatible. Available now. Suggested retail \$29.95.

THE MODEL DIET, Softsync, Commodore 64-, Atari series- and Coleco Adam-compatible. Available now. Suggested retail \$29.95.

PERSONAL ACCOUNTANT, Softsync, Commodore 64-, Atari series-, Coleco Adam- and Timex Sinclair 2068-compatible. Available now.

DISCOVER HOW HOT THE FALL MARKET WILL BE AT THE '84 SUMMER CES

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- Discover the dynamics behind 1,500 exhibiting companies (including 500 exhibiting for the first time), who will utilize over 750,000 net sq. ft. of space.
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- Learn how to profit from new sales programs and promotions.
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- **CES Retail Workshops**. Information-packed sessions designed to acquaint you with new products, marketing techniques and merchandising trends.
- **Retail Resource Center**. "How to" advice from more than 80 major suppliers of advertising, financing, computer systems, store design, insurance and sales training.
- **Design & Engineering Exhibition**. More than 100 of the most innovative, new electronics products.
- **The Software Showcase**. The year's most distinctive original programming for VCR, videodisc, computers and games.

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NEWSLINES COM- PUTERS

WEST CHESTER, PA—Commodore has delayed the introduction of its 264 computer in the aftermath of the resignation of founder Jack Tramiel as president and chief executive officer. Four more executives followed Tramiel's lead and announced their resignations a short time later. They were Donald Richard, acting president of Commodore's U.S. unit; marketing vice president Myrddin Jones; systems engineering director Bill Miller, and Roy Thomas, director of materials. A spokesman for Commodore said the debut of the 264 "could come before the end of 1984." The company is having problems determining a price for the new machine, he added. It fears too low a price would hurt Commodore 64 sales.

Commodore's new president, Marshall Smith, assumed his new position Feb. 21. First on his agenda is, reportedly, mending relationships with specialty computer dealers, several of which brought lawsuits against Commodore after it shifted its distribution channels from them to mass merchants.

CHICAGO—The latest information on marketing, products and technology will be presented at Videotex '84, an international conference and exhibition at the Hyatt Regency Hotel in Chicago April 16 to 18. The theme of the conference, fourth in a series sponsored by London Online, Inc., is Widening the Spectrum to reflect the industry's increased sophistication and broader market directions.

Three simultaneous conference sessions will include Videotex, the Full Picture, covering basics of the industry; Industry Issues and Developments, examining management information systems and data processing developments in the corporate marketplace, and Talking Shop, where delegates exchange ideas on a variety of topics.

The conference has been organized in full cooperation with the Videotex Industry Association, a 150-member trade group. For more information contact Sally Summers, London Online, Inc., Two Penn Plaza, Ste. 1190, New York, NY 10121; 212/279-8890.

NORWALK, CT—By 1985, thermal transfer printers will have 12 percent of the microcomputer printer market, and by 1993 the technology's market share will have climbed to 28 percent. This is according to a study recently issued by International Resource Development, Inc., a market research firm. The report goes on to say that thermal transfer printers will gain market share largely at the expense of now dominant impact matrix printers, which accounted for 72 percent of all unit shipments in 1983. That figure will fall to 20 percent by 1993, the report predicts.

Impact matrix printers got their edge, the report says, mainly because they were much less expensive than fully formed character printers. With the introduction of under-\$500 fully formed character printers, however, the price edge has vanished. At the same time, new technologies at competitive price levels, such as thermal transfer printers, have offered other alternatives to impact matrix printers.

LOS GATOS, CA—An independent marketing system for game, educational and recreational computer software has been introduced by Vimart Corp. The laserdisc video display unit allows consumers to preview computer software. A three-part library for retailers identifies top-selling software, recommends stocking levels, provides program reviews and lists distributor and manufacturer information.

The laserdisc video display unit is available on a lease/purchase agreement of up to five years, starting at \$155.87 per month. The single unit purchase price is \$5,995. A subscription rate for the laserdiscs and Vimart Information Library has been set at \$100 per month.

Thirty- to 90-second video and audio reviews of the best-selling software programs for Apple, Atari, Commodore VIC 20 and 64 and IBM PC computers will be shown. The display unit requires four sq. ft. of counter or floor space. New discs are issued bi-monthly. Consumers operate the unit with a keypad. After a computer type is selected, a corresponding title menu appears and the customer selects one to be previewed.

The Information Library for retailers consists of the Buyer's Guide in magazine format, Product Reviews and a Supplier Index. The latter contains cross-referenced listings of software manufacturers and distributors for each program previewed. The index is published annually and updated quarterly.

MANAGEMENT MOVES—William Campbell has been named vice president of sales of Apple Computer. He will be responsible for directing Apple's North American sales efforts including developing and implementing sales strategies for all Apple products . . . Rana Systems has named Robert Bledsoe as president. Rana makes disk drives and controller cards for IBM, Apple, Atari and other personal computers . . . Zenith Data Systems Corp. has appointed Randall Griffin to the newly created position of vice president, product management and planning. Griffin will oversee strategic planning, new product definition, pricing strategy, forecasting and inventory management for all Zenith Data Systems product lines including desk-top computers, video monitors and terminals . . . Software Arts has named L. Robert Weismann retail sales manager to coordinate a sales force marketing directly to retailers and through distributors. The firm also promoted Beth Luchner to VisiCalc product manager and tapped Dawna Paton to serve as product manager in the marketing and sales department.

Linda Feldman has been appointed marketing manager for Arrays, Inc., parent company of Continental Software and The Book Co. She will direct nationwide marketing and promotions. Arrays also named Sally Biondo Hammer as director of sales for the same divisions. Chris Kermann and Steve Golding joined Continental Software's product training staff for retailers and distributors . . . Kenn Morris has been tapped by Corona as marketing communications manager. He will handle advertising, public relations and sales promotion activities for Corona's line of IBM PC-compatible desk-top and portable computers. . . Universal Computers has named Watts Hill, III as director of marketing for its chain of computer dealerships in northern and central Virginia to oversee product selection, corporate sales and the opening of new store locations . . . Recent staff additions at Ingram Software include John Fowler as vice president and regional sales managers Will Clardy and Marie Cavin for the Texas and West Coast regions, respectively. . . Tricia Parks has been named vice president of the newly created Home Computer Group of Future Computing, Inc. The division will cover market trends in the educational and entertainment segments of the personal computer industry. . . Tim Bramble will serve as vice president of sales for Suncom, a manufacturer of computer peripherals and joysticks.



Vimart laserdisc
display unit for software



Kenn Morris named
Corona's marketing
communications manager



COMPUTER PRODUCTS

Laser 3000 computer runs most Apple II software

ELK GROVE VILLAGE, IL—The Laser 3000 personal computer will run most Apple II software, according to Video Technology, Inc. Additional optional components also will allow it to run CP/M software. With other options, the unit can operate as a 16-bit computer and use MS-DOS and CP/M operating systems and software.

The CPU offers on-board 64K RAM upgradable to 192K. The personal

computer also has on-board 24K ROM with built-in Microsoft BASIC. The software has been enhanced for the unit's high resolution graphics and built-in 80-column text display. Standard graphics capabilities include three modes, one which provides a six-color 560H by 192V pixel matrix. Suggested retail is \$695.

Video Technology, Inc., 2633 Greenleaf Ave., M, Elk Grove Village, IL 60007.

Hand-held word processor costs \$499

NEW YORK—The Microwriter, a hand-held word processor with a five-finger keyboard, is being introduced in the U.S. The unit has two command keys; it weighs less than two lbs.

The learning system is based on the shape of the letters of the alphabet. Instead of typing or writing, the user simply forms the shapes of the letters with the fingertips of one hand. With powerful text editing features, numerics and punctuation, microwriting is designed for everyday use, said the firm.

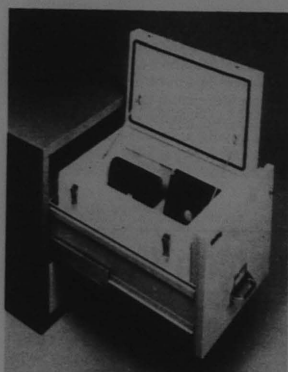
The unit uses rechargeable batteries, giving 30 hours of use between charges. The Microwriter contains 8K of nonvolatile memory entirely free for the user, according to the firm. This works out to approximately five double-spaced pages of text. Memory can be recalled on a 16-character LCD display. By plugging into a printer, text is immediately available. Finished text can be transferred to microcassettes for further storage. Sug-



Microwriter

gested retail is \$499.

Microwriter U.S.A. Ltd., 17 E. 71st St., M, New York, NY 10021.



FireKing diskette box

Box shields disks from fire, humidity

NEW ALBANY, IN—Diskette box is designed for FireKing's legal size, fire-resistant record container. Computer diskettes, microfilm and microfiche can be enclosed in a container that keeps interior temperature below 125° Fahrenheit and relative humidity below 80 percent, said the firm.

FireKing International, Inc., 900 Park Pl., M, New Albany, IN 47150.



Series 580 work station

Oak pieces form computer station

NEW YORK—The Series 580 computer work station is composed of three pieces of furniture. Model CD 580 is a work station table composed of oak veneer, oak solids and melamine. Operator conveniences include adjustable leg heights, wooden shelf for storage, rear paper feed slot and a solid wood armrest-style border on the front of the desk that is slanted for operator comfort.

Computer cords and wires can be passed through removable cord holes located on the top and back of the table. The table measures 27½ in. high by 48 in. wide by 23-15/16 in.

deep. Suggested retail is \$199.95.

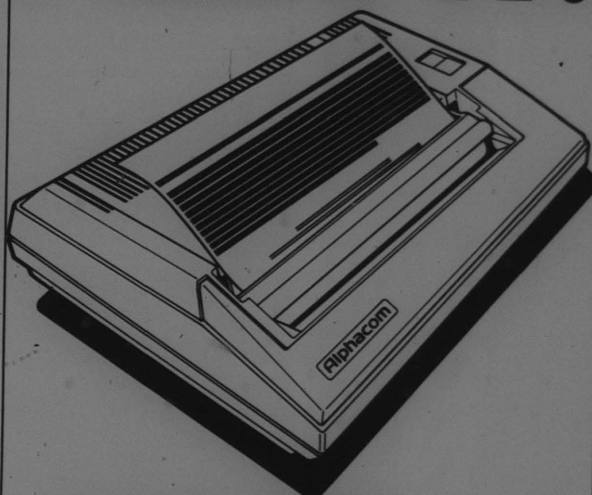
Model CD 581 is a matching printer stand. Unit has adjustable legs, rear paper feed slot, two six-position adjustable shelves, removable cord holes and the slanted oak border. Stand measures 27½ in. high by 31-21/23 in. wide by 23-15/16 in. deep. Suggested retail is \$159.95.

The third piece, model CD 582, is a triangle corner expander that connects the printer stand and table. Suggested retail is \$74.95.

Furniture Concepts Intl., 720 Fifth Ave., M, New York, NY 10019.

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Robots and character telephones introduced at Toy Fair

By Cheryl Fish, associate editor

NEW YORK—Robots and character phones were among the products making their debuts at last month's 81st American International Toy Fair. At least two companies introduced robots that could be either radio controlled or programmed to walk, talk, serve drinks or play games. Telephones showed up in a variety of disguises. One (signalling Coleco's entry into the market) sports its own Cabbage Patch Kid. Another offers Garfield the Cat.

Meanwhile, new videogames were introduced by a number of firms which chose to select highly recognizable titles and back them with good game play and big ad budgets.

In non-video electronic games, improved graphics and better playability also are the buzzwords as manufacturers seek to rekindle the public's passion for hand-held and tabletop units. Overall, the toy industry is expected to experience a 15 percent increase in shipments in 1984, according to the Toy Manufacturers of America.

While no one would say what share of that would go to electronics products, they will "yield stability and profitability," commented Coleco president Arnold Greenberg.

Meet my robot

The move to introduce a robot is Ideal's first "out of the toy market," said Barry Schwartz, public relations rep for the firm. The product is targeted at both children and adults.

TV ads for Maxx Steele will be aimed at adults. An \$8.4 million print and TV schedule will include promotions to promote a host of other Maxx Steele and his Roboforce products. Aiming at a younger market, Maxx and the Roboforce will be featured in an animated TV series and comic book. Some features make the robot

something of a walking clock radio: It sports LED's that read out either his program or the time. And music overlays are available for its programmable keypad. Maxx Steele has a suggested retail price of \$300. It will be ready for shipment in May.

Three robots, also geared for both children and adults, were introduced by Tommy Corp. Ding-bot is the comedian, bumping into things, chattering and moving on. Its suggested retail price is \$10.

Ver-bot and Omni-bot are more sophisticated. Ver-bot (\$35) performs eight tasks, while Omni-bot (\$200) may be radio controlled or programmed. It speaks, tells time, carries objects with a detachable tray and plays cassettes. With phones a hot category at all levels, new entrants at the show were geared towards capturing the teen market. Many used popular licensed names and offered a wide range of advanced features.



ELECTRONIC MAXX STEELE
robot is Ideal's first non-toy product. It will be promoted to the tune of \$8.4 million, to adults and kids.

Refurbishing license adds credibility to retailers that repair telephones

(Continued from page 54)

Some states require their own licenses for phone repair, which may offer some credibility to retailers, but these vary across the nation.

According to Von Alven, the main advantage of obtaining the FCC license is to indicate to the public "that you actually qualify to do repairs and refurbishing." Currently, there are about 150 licensed refurbishers in the U.S.; not all of them, however, are retailers.

Some dealers agree that the license can be beneficial to their businesses. "No one else in town has a license, so I feel it offers me an advantage," said Dorothy Haun, owner, The Phone Castle, Rockford, Ill. As a recent licensee, she hasn't yet done her own refurbishing, but plans to in the future. She will also mention the license in her advertising.

Charles Heuser, owner, Phones Plus, Eugene, Ore., got his license in 1981 "to be able to honestly advertise that we could repair the phones we sold." The license enables him to do extra repair work that generates added volume.

Just how does one go about obtaining an FCC refurbishing license? There are several options. One is to apply directly to the FCC; it will send

information and necessary forms. In addition, the applicant must refurbish a phone and do the following:

- Describe the instrumentation and test procedures to be used to assure that the refurbished phones function satisfactorily prior to shipment or sales.
- Provide a list of replacement components (and their manufacturers) that will be used if replacements are necessary.

Attach a drawing of the label that will be affixed to each refurbished phone.

Include a copy of instructions to the user that will be provided with each refurbished phone.

While there is no cost to obtain the license, which take approximately eight to 10 weeks to process, the applicant must have access to testing equipment, which can cost hundreds of dollars.

Or, if the applicant prefers, he can use the services of an outside consulting engineering firm, which will do the testing and paperwork for him. These services, though, range in price from \$500 to \$1,000, retailers told Merchandise.

Once the license is obtained and the FCC number is assigned, it is valid indefinitely, said Von Alven.

Curley Cords come in colors!

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TELEPHONE CORDS
AND ACCESSORIES



Personality Phones, featuring Garfield the Cat, the Knight Rider car and NFL football designs were featured by Tyco. Garfield and the NFL phones have a suggested retail of \$32.99 and offer tonematrix switchability. Knight Rider and Corvette will retail for \$23.99. All have one-year warranties and "will be sold in toy and phone outlets."

The items are geared towards "those looking for a second phone, one for the den or for a teenager," said Bruce Maguire, public relations rep for Tyco. With the product glut largely cleared out, the video/computer game market remains a viable one, said John

(Continued on page 56)

TELEPHONES & P.E.

Video/computer games still pushed; hand-held games seek wider appeal

(Continued from page 55)

O'Leary, director of marketing, Parker Brothers. The firm is taking a focused approach to new games—it will only touch hot, proven titles with quality game play, and then back them up with advertising, he said.

Gyruss, Star Wars and James Bond video/computer games are being released by Parker Brothers for hardware by Atari, Coleco and Commodore. Later additions may be made for IBM and Apple. Prices will range from \$30 to \$40.

Parker Brothers will spend about \$1 million in print and TV campaigns for each of the new titles, which will be shipped later this spring.

Meanwhile, Sega will offer the Zaxxon arcade game to the video computer market. It is also offering its popular Star Trek, Congo Bongo and Buck Rogers games for Apple computers.

In hand-held and non-video electronic games, vendors are seeking wider appeal by increasing the games' difficulty and improving their graphics. Backed by increased advertising, this category is expected to hold its own this year.

Among the firms expanding its line of hand-held electronic games is Nintendo. A new unit has two levels of difficulty and a digital alarm. An electronic version of pinball geared to appeal to adults as well as kids, will retail in the \$30 area. Popeye, Snoopy and Donkey Kong games are designed to appeal more to children. New Super

Color games with color LCD graphics are more sophisticated and require quick thinking, said Debra Shimmouds, advertising manager. To back up these games, a new ad campaign, focusing on Unborn Games, will target a broad age group.

A Master Series featuring portable

Retailers test refurbished phones to ensure quality

(Continued from page 54)

phone gets a one-year in-store warranty.

Some retailers, however, offer the same warranties for both types of phones. One of these is Mark McClain, co-owner, The Phone Shop, San Diego, CA, where reconditioned phones account for about 30 percent of sales.

Currently, McClain can't "keep them on the shelf." His best-selling reconditioned phones include GTE Starlines, retailing for \$39.88, and ITT pushbuttons for \$34.88.

Are lead sales items

While McClain doesn't run any special ads for refurbished phones, he does mention them and their prices in his local PennySaver ads. At another phone store, Phones, Etc., Knoxville, TN, refurbished phones are often

used as lead sale items "in advertising and at our store," said general manager Chuck Taylor.

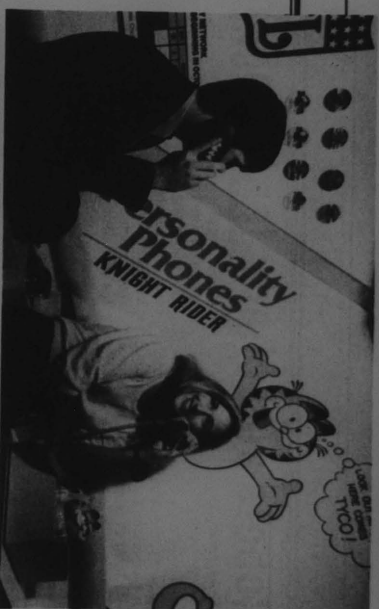
A recent ad in the local paper emphasized refurbished GTE Styleline phones, which were reduced from \$34.95 to \$29.95. The same phone, said Taylor, would cost \$55 to "lease for a year." In one day alone, 75 of the phones were sold.

Successful promotions such as this one build up the value of refurbished phones at Phones, Etc.—where they account for as much as 50 percent of volume, said Taylor.

He is able to get 100 percent markup on the items. Since Taylor also runs a distributing business, he said, he is able to buy already refurbished phones at a low cost.

Not all retailers report the same availability when it comes to buying refurbished telephones. Charles

TYCO PERSONALITY PHONES, geared toward teens and second-phone purchasers, feature Garfield, Knight Rider and NFL football. All have one-year warranties, says Bruce Maguire, public relations rep, pictured here with model Wendy Stewart.



electronic chess, backgammon, checkers and reversi, all with LCD displays and for one or two players, is new from Video Technology, Ltd. Each of the games has two levels of difficulty and is expected to appeal to all ages, said president Jack Hirsch. Each game has a suggested retail price of \$40.

Finally, a game that is also a child's learning tool. Electronic Talk 'N' Play from Child Guidance, allows children to interact with Muppet characters. Eleven programs are available with interactive cassettes and a full-color follow-along book. The system has a suggested retail price of \$59 and will be available in the summer.

Heuser, owner, Phones Plus, Eugene, OR, said he has a hard time finding phones at a price that would bring him a 40 to 50 percent markup. Therefore, he buys used phones in lots when he can and does the reconditioning himself (he has an FCC re-furbishing license).

When Heuser does carry refurbished phones, they sell briskly. Phone City's Kaye buys refurbished phones from about six different suppliers, so if one or two are out, he has others to fall back on. He stressed the importance of buying from suppliers that consistently carry quality goods.

Kaye and other retailers are quick to point out that not all refurbished phones are top quality. It is therefore necessary to conduct some form of testing.

"We test everything before it leaves the store," said Taylor. Still, he reported, between two and five percent of refurbished phones are returned to him by customers.

"There's a lot of junk floating around," pointed out McClain, who said it is helpful to know where the refurbisher obtained his phones.

With testing equipment that he has purchased, McClain weeds out defective refurbished phones before offering them to customers. This amounts to about five percent, with static being the most common problem.

The quality problems present in refurbished phones, though, are not unique. "New phones can have just as many problems," said Kaye.

Will the market for refurbished phones continue to be as strong if prices on new phones come down? Yes, said Doug Hyman, co-owner, Telephone World, Richmond, VA. New phones emphasize electronic components and features but there will always be a demand for basic, old-fashioned phones.

And the old phones, which were to be leased and therefore were "built to last for years," are often the phones that are later refurbished. Swartwood of Phone Castle, however, is not so sure the refurbished phone market can withstand a price drop in new phones.

"If prices come down," she said, "the market would be cramped."

Most people think heart disease happens only in the elderly.

It happens in children as well. Things like rheumatic heart disease and congenital heart defects. Each year, nearly one million Americans of all ages die of heart disease and stroke. And 20,000 of them die from childhood heart diseases.

The American Heart Association is fighting to reduce early death and disability from heart disease and stroke with research, professional and public education, and community service programs.

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Merchandising

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APRIL 1984

Home and Auto Electronics • Housewares • Major Appliances
THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS WHOLESALERS AND DISTRIBUTORS

HOME HEALTH & PERSONAL CARE ...tracking a growing category



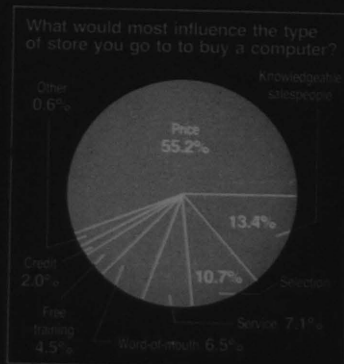
Savvy retailers market blood pressure monitors to the health conscious

'Hairstylist to the Stars' tells which appliances best suit your customers

Foley's pharmacist/buyer creates a home healthcare headquarters

Retailers seek innovation in personal care offerings

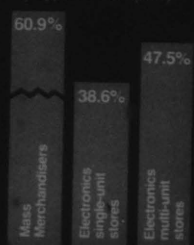
Dual surveys predict mass merchandisers' success with computers...



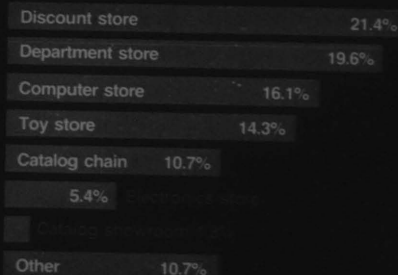
If you already own a low-priced computer, do you plan to purchase another computer in the next 12 months?

YES
21%

Percent of retail respondents carrying or planning to carry computer merchandise by type of company



Where do you buy your low-priced computer?



TRENDINGS IN COMPUTERS

Turn a computer wasteland into a big high-tech feast

It always seems like Washington's Birthday or Memorial Day in some stores. Untidy, disorganized display tables often look molested by a wild horde of sale-crazed shoppers. Customers are confronted by a bland, cluttered wasteland. Hardly the proper atmosphere for people to become acquainted with anything strange or new. Like computers.

When customers walk into the computer department of a discount store, their mixed feelings of awe and bewilderment are often reinforced by the fear and ignorance of an untrained sales staff. Customers immediately sense that the person supposedly there to help them is as uncomfortable as they are. Customers squirm while salespeople finger the software gingerly and confess they are not sure what connection the software has with the hardware. Both parties grab the first chance to beat a hasty retreat.

Dealers who recognize their stores in the description above must take steps to transform their sterile, inhospitable computer departments into ones "that make consumers feel good." In fact, they owe it to their customers to do so, according to Fred D'Grazia, associate editor of *Compute!* magazine. He scolded attendees of the Softcon trade show in New Orleans.

In their defacto role as suppliers to the masses, discount department and other mass merchandise stores will probably be the site of many consumers' first close encounter with computers, he said.

Therefore, such stores have a responsibility to make sure the first encounter isn't the last. Computer departments in mass merchandise stores must project a "straightforward, comfortable image" that makes shoppers want to stop, look and touch computers.

Relate to the familiar

One way retailers can accomplish this is to position computers with something consumers relate to in their everyday lives. "Position the computer as a toy! As an appliance! As a record player! As fast food!" D'Grazia said.

To help customers relate to computers as toys, retailers can emphasize the play value. Make the connection between hardware and software by showing cassette tapes, disks and cartridges "drive" computers the same way records run a record player.

To portray the computer as an appliance, bundle it with software and demonstrate how it can perform word processing and educational tasks. And in time, computer software can be cast in the role of fast food—the downward spiral in software prices will eventually turn programs into consumables, D'Grazia predicted.

Any of these plans will help transform software's image from something that is "esoteric, abstract and elusive" into something that is as

"hot, tasty and addictive" as popcorn.

Mass merchandisers must stop presenting themselves, and as a result, their computer products, as "faceless and anonymous," he suggested. Instead, they should strive to produce a "gut reaction among consumers that they will receive an intangible reward for being in your computer department."

D'Grazia went on to say that walking into a computer department in a mass merchandising store

should be like walking into a grocery store, chic clothing boutique or fine restaurant. Instead of being assaulted by the sight of precarious piles of hardware and software, customers' senses should be stimulated by what a computer can do. This cannot be accomplished by locking software and hardware behind padlocked closet doors that say "hands off."

If mass merchandisers create a people-oriented environment for their computers, they can use it as a drawing card. "Mass merchants already have a tremendous advantage over computer specialty stores," D'Grazia said. "The specialty stores have a hard time just getting people to walk in the door. You already have the customers in your stores." ●



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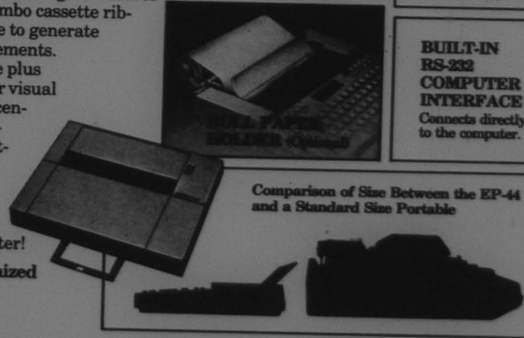
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Merchandising
Computers
begins on page 41

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Merchandising COMPUTERS

Mass merchandisers to get more computer pie

By Michele Tomasik, sr. assoc. ed.
NEW YORK—It's starting to look like the mass merchandisers are going to be capturing more and more of the computer business in the months ahead.

Consumers, starting to feel more comfortable with the product, are indicating that they don't require quite so much in the way of support as they have in the past. In fact, it looks like price has become the prime consideration, whether they expect to use the computer for games, home management or even business.

Furthermore, there's a growing body of second-time buyers out there, people who already have cut their teeth on a Timex or another low-priced unit and are ready for something more powerful. These people certainly feel that they have learned the basics (if not the BASIC) and are ready to make an informed selection pretty much on their own.

These were among the findings of a

consumer survey done by *Merchandising* this past January in four major cities—New York, Cincinnati, Minneapolis and Los Angeles.

Although the figures are not projectable to the country as a whole, the survey found that 28.2 percent of the 535 individuals interviewed in malls and other shopping centers already have a computer at home. An additional 32.4 percent said they plan to buy a computer before the year ends (and this includes 17.6 percent of all the computer owners, who plan to buy another).

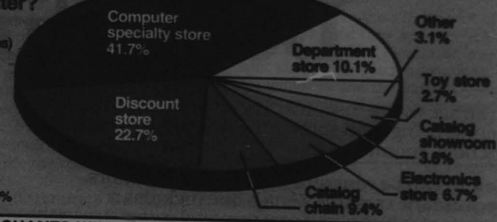
All in all, a whopping 80.7 percent said that they fully expect to own a computer sometime in their lifetime.

Market is changing

Price stood out as the single greatest influence on where people decide to buy a computer, with 48.5 percent of the owners mentioning it as the deciding factor when they made their final purchase. Selection, sales help,

In which kind of store would you probably buy a computer?

(Based on 446 replies)



MASS MERCHANTS WILL BENEFIT from consumers' willingness to buy a computer from stores other than computer specialists.

service and training were far down the list.

This would indicate that more computers, even high-end models, such as those made by Apple, IBM, Epson and Kaypro, would be bought from locations other than computer specialty

stores—if only they were more widely available at such outlets.

There were other indications that computer specialty stores may be loosening their stranglehold on the market. While 58.2 percent of all the shoppers interviewed reported they would visit a specialty store while shopping for a computer, a smaller 41.7 percent said they would actually buy one there.

On the other hand, 22.7 percent of the shoppers said that they would buy their computer from a discount store
(Continued on page 43)

Cuts home computer inventories

Hess's shifts emphasis to high-end goods

By Michele Tomasik, sr. assoc. ed.
ALLEN TOWN, PA—Hess's is retrenching.

The department store chain has drastically cut back the hardware, software and peripheral selections in its home computer departments. At the same time, it is launching a series of leased departments that will merchandise high-end personal computers to a more sophisticated audience.

As it now stands, the home computer department is featuring only Commodore 64's and compatible peripherals, offered mainly in bundled packages. The only software is 64-compatible—and then, only the hits are stocked. Titles for machines once carried by Hess's can be special ordered.

Meanwhile, the high-end departments emphasize Apple and also sell hardware by Digital, Kaypro and Columbia.

It's a new approach to merchandising a challenging category that Hess's has been involved with for
(Continued on page 50)



SALES ROSE 34% ABOVE PROJECTIONS at Hess's first Professional Computer Center in its first six months of operation. The department store chain has opened three more professional centers since the first made its debut in September.

Low-end computer shakeout could spell more profits

By Ken Coach, contributing editor

OKLAHOMA CITY—There are growing signs that the shakeout in the low-end home computer market could result in more stability and increased profits for dealers of more expensive products.

As Texas Instruments, Mattel, Milton Bradley and Timex have dropped their low-end computer products, consumers have become attracted to more expensive models such as those made by Apple and IBM because they can be sure software and servicing will continue for these machines.

Pricing, of course, is still a factor, but it too is being re-evaluated by the
(Continued on page 47)



Mass merchants get bigger piece of software

By Michele Tomasik, sr. assoc. ed.

NEW ORLEANS—Mass merchandisers' share of the home computer software market will grow to 50 percent by 1987, up from the current figure of 40 percent.

Among the steps these retailers can take to ensure continued growth in the market is to carry titles specifically targeted towards their customer base, which consists mainly of families with annual incomes averaging \$20,000. Such customers require more cartridge-based programs than disks, since the latter require a relatively expensive disk drive.

These statements were made dur-

ing Softcon by a panel of speakers that included Chris Yolanis, Software Creative Strategies International, a marketing and consulting firm; William Bowman, president, Spinnaker Software, and Sig Hartmann, president of the software division of Commodore Business Machines.

A tentative start

Many mass merchandisers entered the computer software business on a limited basis in 1983 with a tentative attitude that stemmed from the abrupt demise of the videogame. But impressive Christmas sales helped restore their confidence in soft-

ware; now many are prepared to make larger inventory commitments.

And it's not too late for others to get involved. There's still plenty of opportunity left for those who do not yet carry computer software, Yolanis pointed out.

Presently, there are only 15,000 retailers selling computer software, yet by 1987, between 125 million and 150 million units are expected to be moving through the pipeline. This volume, he said, can support many more retail outlets.

In addition, mass merchandisers who establish themselves as computer software retailers now will have a

great advantage over latecomers. Consumers' software buying habits are just being formed and their patterns can be heavily influenced with advertising and promotion.

Most panel members agreed that mass merchandisers would successfully branch out into selling more and more non-game software. And they will increasingly become sources for graphics, home teaching, home management and accounting software, Yolanis said.

Additionally, growth in non-game software will come partly from increased sales to educational institutions. Schools, the panel pointed out, currently buy 30 to 35 percent of their software from mass merchandisers, but that should rise to between 40 and 45 percent by 1987.

Commodore's Hartmann said his company's software division, a year old this month, is concentrating on "more serious" software programs, especially productivity and educational titles to satisfy the growing demand for these products in mass merchandise outlets.

Year of the mass merchandiser

Bowman of Spinnaker dubbed 1984 "the year of the mass merchandiser," and offered a four-point formula that will ensure them strong software sales.

First, he advised mass merchandisers to pick the correct software for their customer base. Choosing disk software is the most frequently made mistake among this retail group, Bowman said.

The family that owns a disk drive usually has an annual income of \$40,000, "and this is not the type of consumer that spends time in your store," he said.

Bowman defined the typical mass merchandise customer as a female buying software for a child.

Secondly, he advised retailers to separate educational from entertainment titles, noting that retailers that have done this in the past have doubled their sales of educational software.

Next, Bowman said, a prominent in-store display is necessary for fast-turn software sales. "You can't assume that computer software is intrinsically hot and will sell itself," he said. "You must focus the consumer's attention on each category."

The fourth and final step to fool-proof software merchandising is advertising. "This," he said, "is essential to moving software through mass merchandising channels. I have yet to see it fail."

Dealer friendly.

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(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

(left) ZVM-124: Non-glare amber screen. Super resolution for IBM PC with monochrome adapter.

ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

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INCREASED SALES to educational institutions will account for much of mass merchandisers' successful expansion into non-game software.

MERCHANDISING COMPUTERS

21% of computer owners plan to buy another

Owners of under-\$1,000 computers

(Continued from page 41)

(while only 12.8 percent would visit one first) and 10.1 percent said they would purchase theirs in a department store (8.9 percent would pre-shop there).

Surprisingly, electronics specialty stores were not perceived as places to buy a computer. Less than 10 percent of the interviewees said they would either shop for or buy a computer in such a store.

Not surprisingly, outlets other than computer specialty stores were favored by the shoppers who already owned low-priced computers, such as those made by Atari, Commodore and Coleco. Forty percent had bought theirs at either a discount or a department store.

The significance here is that many of these computer owners indicated that they are ready to trade up. Twenty-one percent said they planned to buy another in the next 12 months, and 43.6 percent of them reported they plan to buy a more expensive model the second time around. IBM and Apple were the makes most often cited.

When they do return to the market, these shoppers may well be more inclined to buy their second computer at a non-specialty store. Indeed, 43.2 percent of all computer owners said they now felt "very confident" about making a computer buying decision, compared with only 15.5 percent of the non-owners.

Although price was listed as the number one priority of the shoppers queried, it seems they are still willing to invest a considerable amount of money in a computer. Fifty percent of the owners had spent more than \$1,000 on their machines. The average cost of a high-end computer was \$2,652. Low-priced models averaged \$355.

Nevertheless, more than 60 percent of the shoppers surveyed said they think computer prices will fall by the end of the year—which may indicate that some are holding off making a purchase, waiting for costs to tumble still further.

There also appears to be some misconception on the part of non-owners as to what it would cost to computer.

Characteristics of the sample

NEW YORK—Interviews for Merchandising's consumer study of the home computer market were conducted in shopping areas in four main regions—California, Minnesota, the New York metropolitan area and Ohio. The highest percentage of owners was found in Minnesota where 54 of the 126 people interviewed said they own a home computer.

Those consumers queried resided in both cities and rural areas. More than 60 percent of them said they lived in a suburb.

Slightly more than 75 percent of the sample said they were currently employed. The remainder was split about evenly among students, homemakers and the unemployed. The amount of men interviewed outnumbered women by a slight margin.

Almost half said they thought they could get a satisfactory system for \$800 or less.

On the other hand, more than 70 percent of the presumably more knowledgeable owners said they would spring for a package totaling \$800 or more. And more than 28 percent of the owners said they would be willing to spend more than \$3,000 on their second system.

Getting serious

The computer owners contacted by the survey are obviously using their machines as more than game-playing devices. As a result, peripherals are becoming a more important part of their purchase.

Exactly half of the owners said they had bought a disk drive, and printers, monitors and joysticks (all work and no play...) were found in no less than 44.7 percent of the homes of all computer owners.

Additionally, the shoppers queried indicated that their number one use for a computer would be for business. Computer owners said 32.8 percent of

(Continued on page 44)

How much did your personal computer cost? (Based on 59 replies)
Average cost: \$355

Where did you buy your personal computer? (Based on 66 replies)	Number of replies	Percent of response
Discount store	11	21.4%
Department Store	12	19.6%
Computer store	9	16.1%
Toy store	8	14.3%
Catalog chain	6	10.7%
Electronics store	3	5.4%
Catalog showroom	1	1.6%
Other	6	10.7%
Total	56	100.0%

If you were to buy a computer today, what brand would it be? (Based on 55 replies)

Same brand Equivalent price More expensive Total	Number of replies	Percent response
Same brand	19	34.6%
Equivalent price	12	21.8%
More expensive	24	43.6%
Total	55	100.0%

Do you plan to purchase another computer within the next 12 months? (Based on 62 replies)

Yes	Number of replies	Percent of response
Yes	13	21%

What is your household income? (Based on 62 replies)

Under \$10,000 \$10,000-\$19,000 \$20,000-\$29,000 \$30,000-\$39,000 \$40,000-\$49,000 \$50,000 or more Total	Number of replies	Percent of response
Under \$10,000	3	4.8%
\$10,000-\$19,000	9	14.5%
\$20,000-\$29,000	17	27.4%
\$30,000-\$39,000	11	17.7%
\$40,000-\$49,000	6	9.7%
\$50,000 or more	62	100.0%

What is the number of children in your household? (Based on 62 replies)

None One or more Total	Number of replies	Percent of response
None	21	33.9%
One or more	42	66.1%

What is the number of persons in your household? (Based on 62 replies)

One Two Three or more Total	Number of replies	Percent of response
One	7	11.3%
Two	17	27.4%
Three or more	38	61.3%

90 percent of computer owners are satisfied

Owners of over-\$1,000 computers

How much did your personal computer cost? (Based on 52 replies)

Average cost \$2,652

Where did you buy your personal computer? (Based on 85 replies)

	Number of replies	Percent of response
Computer store	41	48.2%
Electronics Store	19	22.3
Department store	5	5.9
Discount store	5	5.9
Catalog chain	5	5.9
Other	10	11.8
Total	85	100.0%

Do you plan to purchase another computer within the next 12 months? (Based on 77 replies)

	Number of replies	Percent of response
Yes	11	14.3%

If you were to buy a computer today, what brand would it be? (Based on 78 replies)

	Number of replies	Percent of response
Same brand	45	57.7%
Equivalent	17	21.8
More expensive	10	12.8
Less expensive	6	7.7
Total	78	100.0%

What is your household income? (Based on 85 replies)

	Number of replies	Percent of response
Under \$10,000	1	1.2%
\$10,000-\$19,000	7	8.2
\$20,000-\$29,000	10	11.8
\$30,000-\$39,000	16	18.8
\$40,000-\$49,000	20	23.5
\$50,000 or more	31	36.5
Total	85	100.0%

What is the number of persons in your household? (Based on 85 replies)

	Number of replies	Percent of response
One	13	15.3%
Two	38	44.7
Three or more	34	40.0

What is the number of children in your household? (Based on 85 replies)

	Number of replies	Percent of response
None	59	69.4%
One or more	26	30.6

(Continued from page 43)
the machine's time is used for business applications.

Among owners of high-end computers, Apple was, by far, the most popular brand, followed at a distance by IBM and, at another distance, by Radio Shack. Among other computers turning up on the survey were Kaypro, Epson and Sanyo.

At the low-priced level, Atari was the computer most often owned, although it was followed closely by Commodore. Showing up further down the chart were Coleco, Timex and a few Mattel models.

Looking at the owners of low-priced computers and comparing them with the owners of high-end units, we find a number of differences, none of them too surprising.

Owners of the more expensive units earn more. Their median household income was \$44,500 compared with \$32,059 in the other group. Four times more high-end computer owners had household incomes of more than \$50,000 than in the low-priced

computer owner group.

Owners of the low-priced products also had larger households and more children, supporting the theory that most of these units are being bought primarily for the kids' benefit.

If there was one factor uniting the two groups, it was satisfaction. In fact, 52 percent of the owners said they were satisfied with their purchase, and another 38.7 percent went so far as to describe themselves as "very satisfied."

Who did it

Statistical matter for this survey was compiled by Selma Book, market research manager, Matea S. Esquerro, research associate, Pat Jagbandhansingh, research associate, and Renee Weil, assistant market research manager for Gralla Publications.

All consumers surveyed...

How much would you be willing to spend for a complete computer package (computer/monitor/printer/modem/disk drive)? (Based on 511 replies)

	All replies	Owners	Non-owners
Under \$250	10.2%	6.5%	11.5%
\$250-\$299	4.7	5.1	4.6
\$300-\$399	8.8	3.6	10.7
\$400-\$799	19.6	13.8	21.7
\$800-\$1,499	18.4	14.5	19.8
\$1,500-\$2,499	16.6	18.8	15.8
\$2,500-\$2,999	8.2	9.4	7.8
\$3,000 or more	13.5	28.3	8.1
Total	100.0%	100.0%	100.0%

What personal computer add-ons would you buy? (Based on 457 replies)

	All replies	Owners	Non-Owners
Printer	68.5%	77.9%	64.7%
Disk drive	50.3	62.6	45.4
Monitor	47.7	55.7	44.5
Joystick	46.8	47.3	46.6
Modem	30.0	43.5	24.5
Cassette deck	20.6	16.8	22.1

...owners surveyed.

What personal computer add-ons do you have? (Based on 150 replies)

	Number of replies	Percent of response
Disk drive	75	50.0%
Printer	73	48.7
Joystick	67	44.7
Monitor	67	44.7
Modem	43	28.0
Cassette deck	33	22.0
Extra memory	1	0.7
None	19	12.7

SUMMER GAMES MEANS SUMMER PROFITS.

In 1984, June, July, and August don't have to be the Summer Doldrums for your computer software business. Introducing Summer Games, the perfect way for you to get your share of "The Gold" this summer. Summer Games brings your customers eight life-like Olympic events plus opening and closing ceremonies and an awards ceremony after each event.

In the *4 x 400 meter relay*, two players acting as teammates have to time their hand

offs perfectly. In *diving*, a high degree of difficulty and perfect execution boosts the player's point total. With *pole vaulting*, the speed of the approach and pole placement are all-important. *Trap shooting*, *gymnastics*, *swimming* and the other events will

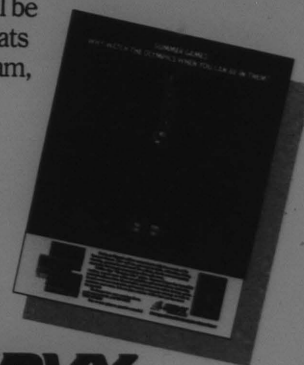
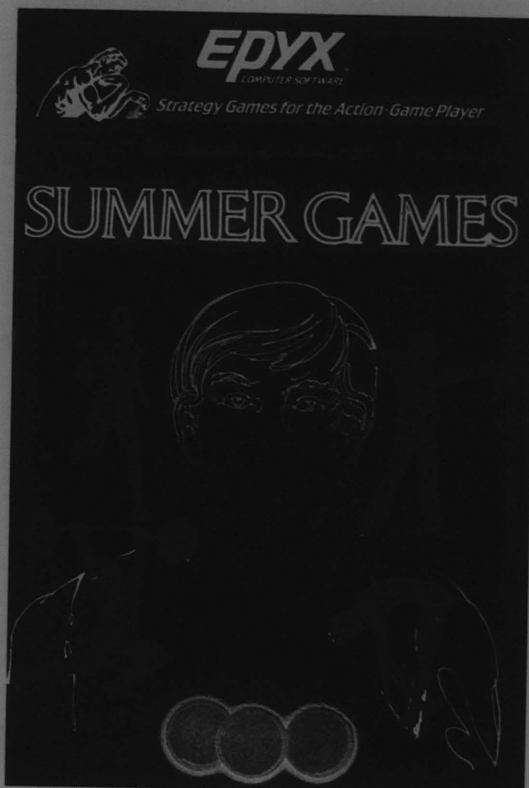
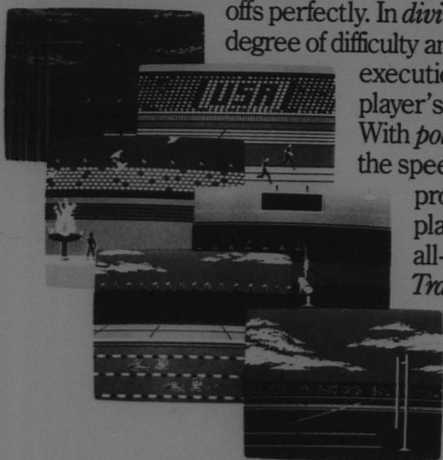
prove just as challenging.

Unlike other "Olympics-Like" games, Summer Games has incredible realism, superb state-of-the-art graphics and sound effects (including national anthems from 18 countries), and it is a true action-strategy game. In each event, the player plans and executes his game strategy in order to maximize his score. It is not just a matter of how fast he can move his joystick.

To maximize your sales and

profits, Summer Games will be available this spring in formats for the Commodore 64, Adam, Atari, MSX and IBM computers. It will be backed by extensive and innovative consumer advertising, merchandising and promotional support.

Don't miss a timely opportunity. Join us and Go for the Gold!



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MERCHANDISING COMPUTERS

61% of mass merchants polled carry or plan to carry computers

First of a two-part series

Percentage of respondents carrying or planning to carry computer merchandise, by type of company.

	Number of Replies		
	All Replies	Carry now, or will carry	Percent carrying or planning to
Mass Merchandisers	46	28	60.9%
Electronics single-unit stores	280	108	38.6%
Electronics multi-unit stores	60	38	63.3%
Total	406	174	42.9%

Change in the number of retailers carrying computer products.

	Percent of Response			
	All Replies	Mass Mdsers	Electronics Single Unit	Electronics Multi Unit
'84 vs. '83	-5.4%	-11.5%	-3.8%	-6.7%
Hardware	+8.6	+4.2	+4.8	0.0
Software	-0.8	+5.6	0.0	-7.7
Peripherals				
Expected '85 vs. '84	+2.1%	+4.3%	+1.1%	+3.6%
Hardware	+1.4	0.0	+3.4	-3.4
Software	+4.8	+5.3	+4.9	+4.2
Peripherals				

What change (%) do you expect in your company's sales (\$ of computer products (hardware, software, peripherals) in 1984 vs. 1983? What change do you expect in 1985 vs. 1984? (Based on 97 replies)

	Expected Percent Change			
	All Replies	Mass Mdsers	Electronics Single Unit	Electronics Multi Unit
'84 vs. '83	+22.6%	+21.0%	+23.5%	+21.8%
'85 vs. '84	+21.9%	+14.9%	+23.1%	+25.1%

What change (%) do you expect in these average inventories for full-year '84 compared to '83?

	Expected Percent Increase			
	All Replies	Mass Mdsers	Electronics Single Unit	Electronics Multi Unit
HARDWARE				
'84 vs. '83	12.9%	16.4%	12.9%	9.5%
SOFTWARE				
'84 vs. '83	21.8%	36.4%	18.9%	17.1%
PERIPHERALS				
'84 vs. '83	14.8%	34.7%	13.1%	4.2%

By Michele Tomasik, sr. assoc. ed.

NEW YORK—Price-conscious consumers who need a computer fix will be able to satisfy almost any craving at most local mass merchandisers this year as discounters, department stores and catalog showrooms make stronger moves into the market.

Those that carried computer merchandise in 1983 and will continue to sell it this year are increasing their inventories of hardware, software and peripherals by much more than any other type of store.

And although fewer mass merchandisers will be carrying hardware (some are choosing to retire to the sidelines while the manufacturers slug it out), many said they plan to enter (or re-enter) the market in 1985.

Software and peripherals, however, are another story. More mass merchandisers plan to get into these categories in 1984, highlighting their confidence in these industries which have fewer dropouts and deliver higher profit margins than hardware.

These conclusions are drawn from responses given by 406 retailers (representing 1,378 stores) surveyed nationwide by Merchandising.

Getting involved

Nearly 61 percent of the mass merchants polled presently carry or plan to carry computers in the near future, far surpassing any other type of electronics-oriented retailer, except for computer specialty stores. This includes radio/TV stores, electronics specialty stores, audio/hifi specialty stores, household appliance stores, video specialty stores and general merchandise stores.

Overall, a 21 percent increase in sales is projected for mass merchants for 1984 for all types of computer

products (hardware, software and peripherals).

But the computer category in which mass merchandisers are showing the most interest this year is software. The average respondent expects to increase his inventory in this area by 36.4 percent in 1984. And software inventories at these stores already are worth more than those on hand at single-unit electronics stores. (Several computer specialty stores among the group of electronics multi-unit stores account for the large inventory levels there.)

More than 85 percent of the mass merchandisers carried software last year, well ahead of the other types of stores. That's expected to climb to 89.3 percent this year and stabilize there through 1985, still ahead of the others.

The mass merchandisers also scored well in terms of software selection, offering an average of 47 different titles for Atari machines, for

(Continued on page 48)

Characteristics of the sample

NEW YORK—Forty-six of the 406 retailers that responded to this survey fell into the category of mass merchants (discount stores, department stores and catalog showrooms). The remaining retailers—classified as either single-unit or multi-unit (chain) operations that carry electronics—included radio/TV stores, electronics specialty stores, audio/hifi specialty stores, household appliance stores, video specialty stores, computer specialty stores and general merchandise stores.

What was your average inventory (retail value) per store for each of the following types of computer products in 1983?

	Percent of Response			
	All Replies	Mass Mdsers	Electronics Single Unit	Electronics Multi Unit
HARDWARE				
Under \$2,000	9.0%	13.3%	10.2%	0.0%
\$2,000-\$4,999	22.5	26.7	22.0	20.0
\$5,000-\$9,999	24.7	26.7	25.4	20.0
\$10,000-\$19,999	18.0	20.0	18.7	13.3
\$20,000 or more	25.8	13.3	23.7	46.7
Total	100.0%	100.0%	100.0%	100.0%
Average Inventory	\$24,583	\$16,293	\$14,093	\$74,133
SOFTWARE				
Under \$2,000	20.9%	26.7%	23.2%	6.7%
\$2,000-\$4,999	29.1	13.3	35.7	20.0
\$5,000-\$9,999	16.3	13.3	17.9	13.3
\$10,000-\$19,999	22.1	40.0	16.1	26.7
\$20,000 or more	11.8	6.7	7.1	33.3
Total	100.0%	100.0%	100.0%	100.0%
Average Inventory	\$13,407	\$7,098	\$5,730	\$47,533
PERIPHERALS				
Under \$2,000	23.4%	18.2%	28.9%	7.1%
\$2,000-\$4,999	31.1	36.3	28.5	36.7
\$5,000-\$9,999	18.9	18.2	17.3	14.3
\$10,000-\$19,999	30.6	27.3	17.3	28.6
\$20,000 or more	7.8	0.0	7.7	14.3
Total	100.0%	100.0%	100.0%	100.0%
Average Inventory	\$5,344	\$5,369	\$5,848	\$18,321

Are the days of low-end computers numbered?

(Continued from page 41)

consumer. As one dealer pointed out to *Merchandising*, when he adds a disk drive and monitor to a \$200 Commodore 64, it is only a few hundred dollars less than Apple. The Apple, however, is perceived to be a more flexible computer with a greater range of software.

The first two months of 1984 were good for those computer retailers interviewed, in fact better than many of them expected. But many are changing their product mix, depending less on Atari and Commodore and more on Apple and \$1,000 IBM compatibles. Videogame units, it seems, are well on their way to extinction, at least with these dealers.

Trading up

Dwight Brough, manager of Computer Solutions, a computer specialty store in Oklahoma City, OK, said his company used to sell the VIC 20 but found the eroding profit margin not worth the effort. Now the store sells Apple, IBM and Compaq, and, Brough said, many people are becoming convinced that the Apple II is the minimum system they should consider.

The II, in fact, may be the next machine to jump onto the downward price spiral. It was subject to some heavy discounting during the Christmas buying period and prices would have dropped even more, some dealers say, if there had been more machines available.

"I'd hate to see it happen," said Mitch Krasowski, assistant manager of Schaak's Digital Den in Schaumburg, IL, whose stores now sell Apple, Epson and TI Professional.

He said Apple has always been a strong product but the discounting caused harm to his margins that was only eased because of the volume. If Apple cuts its price and enters the mass merchandising arena, Krasowski thinks it might be another story.

Although rumors of an Apple II price cut have been around for a while, there is no sign that they are about to be implemented. Some dealers would welcome the move. Many consumers, they say, are sitting on the fence, and a price cut would make them jump to Apple.

"There is not much interest in the low-end market anymore," said Don Williams, owner of M.W.S. Computers, a computer specialty store and mail order house in Tunkhannock, PA, once a major TI dealer. "Those people who wanted a cheap home computer have purchased one. The low-end market is evaporating."

Williams, who is now promoting Sanyo products, predicted that high-end price wars will start soon, as the instability that has plagued the low-end market moves up a notch.

But Mike Essrow, manager of Micro Center, a computer specialty store, Buffalo, NY, does not agree. He blames the low-end price wars on the fact that there was so much to choose from—all of it essentially the same. In the high-end market, he said, machines are positioning themselves to be better than others for specific applications.

Micro Center carries a wide range of products from Atari, Commodore, Franklin, Eagle, Pied Piper and Epson.

Consumers are looking for systems with more power, according to War-

ren Sweeney, specialist, Leisure Square department, Bamberger's, Paramus, NJ. Power and educational software are hot today, and that, he said, points to the Apple II.

What consumers will be looking for over the next year, according to Sweeney, are IBM compatibility and mouse technology. A lot of people, he said, are afraid of the keyboard because they are not touch typists. These people are falling in love with Apple's new mouse-driven Macintosh, and, Sweeney predicts, the industry will slow down while it watches how much impact Apple will

(Continued on page 50)



ERODING PROFIT MARGINS are making low-end computers not worth the effort for some retailers contacted by *Merchandising* in the wake of the Timex pullout and the sale of Mattel's electronics business.



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MERCHANDISING COMPUTERS

Mass merchants plan to expand software lines

(Continued from page 46)
example, Commodore, Atari and Apple computers are now being given the most software support.

While the mass merchandisers did have the highest proportion of game software among the stores polled, other survey findings indicate that they certainly do not deserve their reputation as games-only stores.

For example, the mass merchandisers surpassed smaller multi-unit stores in the number of educational titles offered. They had more personal productivity titles than single-unit stores. And their educational software sales beat out those at both groups.

All in all, 21 percent of the software stocked by mass merchandisers falls into the educational category, while business and personal productivity titles account for 10.3 and 12.4 percent, respectively.

Peripherals expansions planned

Peripherals inventories will be expanded by an average of 34.2 percent at discount and department and catalog showrooms this year, far greater than those at the other types of stores polled.

Better than 64 percent of the mass merchandisers offered peripherals last year, putting these stores somewhat behind the competition. However, that figure will jump to 67.9 percent this year and 71.4 percent in 1985, as these stores rush to catch up.

Already, however, consumers can find a wide selection of peripherals in those stores that do offer them. All mass merchandisers polled that carry peripherals said that they sell cassette players while controllers (joysticks, mouses, light pens, etc.)

were stocked by 56.7 percent of those that responded.

The only products where these mass merchandisers lagged behind were high-end items such as floppy disk drives and memory expansion modules. However, many of the more than 21 percent of mass merchandisers that said they will add computer peripherals in 1984 said that these goods would be on their shopping lists. Modems and monitors will also be available on more of their shelves this year.

Mass merchandisers lead the field in hardware growth projections for 1984. Those that are committed to the business are planning to increase their inventories an average of 16.4 percent over last year.

Almost 93 percent of the mass merchandisers polled carried computer hardware last year. That's expected to slip to 82.1 percent this year before bouncing back to 85.7 percent in 1985. For both '83 and '85, this puts these stores well ahead of the competition. And this year, they're just about neck and neck.

As expected, they said nearly 60 percent of their hardware sales are generated by products selling for \$100 to \$299, the most popular being those by Commodore, Atari and Coleco.

This is, however, far below what the majority of consumers polled in a separate survey (see page 43) said they would be willing to spend for a computer. But the discount and department stores and catalog showrooms seem to realize this, and nearly half said they plan to upgrade their computer offerings in the near future to bring in customers interested in higher-end merchandise.

What portion (%) of all the software titles you carry are accounted for by each of the following categories?

	Percent of Software Titles			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Games	48.4%	55.5%	39.0%	44.1%
Business	25.1	19.3	20.8	22.9
Personal productivity	31.1	31.9	31.9	16.1
Total	100.0%	100.0%	100.0%	100.0%

What portion (%) of your computer software sales was accounted for by each retail price category (excluding state/local taxes) in 1983?

	Percent of Software Sales			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Under \$10	13.5%	14.1%	12.1%	9.9%
\$10-\$29	28.1	25.9	27.2	40.7
\$30-\$49	23.9	28.1	29.8	18.6
\$50-\$74	23.9	27.2	12.8	6.1
\$75-\$99	12.8	4.7	4.8	4.3
\$100 or more	4.8	4.8	18.5	100.0%
Total	100.0%	100.0%	100.0%	100.0%

Which of the following peripherals did you carry in 1983?
(Based on 139 replies)

	Percent of Responses			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Cassette player	88.4%	100.0%	87.6%	89.5%
Printer	68.4	92.0	88.8	98.2
Controllers (joystick, mouse, light pen, etc.)	63.5	68.7	78.4	90.8
Floppy disk drive	79.7	73.9	80.9	84.8
Memory expansion	79.0	68.2	66.3	80.8
Monitor	71.0	78.3	78.3	76.9
Telephone modem	62.3	64.5	59.8	76.9
Expanded memory modules	62.3	64.5	59.8	76.9

Are you likely to add any peripherals in the coming year?
(Based on 116 replies)

	Percent of Responses			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Yes	25.9%	21.7%	23.9%	38.4%
No	74.1%	78.3%	76.1%	61.6%

If yes, what peripherals are you likely to add? (Based on 30 replies)

	Percent of Responses			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Telephone modem	23.3	40.0	17.6	25.0
Memories	20.0	40.0	17.6	0.0
Expanded memory modules	16.7	0.0	29.4	0.0
Floppy disk drive	16.7	0.0	0.0	0.0
Speech synthesizer	16.7	0.0	0.0	0.0
Controllers (joystick, mouse, light pen, etc.)	13.3	20.0	17.6	0.0
Printer	10.0	40.0	11.8	0.0
Cassette player	6.7	0.0	82.4	57.5
Other	58.7	0.0	0.0	0.0

What portion (%) of your computer hardware sales was accounted for by each retail price category (excluding state/local taxes) in 1983?

	Percent of Hardware Sales			
	All Replies	Mass Mkters	Electronics Single Unit	Electronics Multi Unit
Under \$100	16.2%	18.6	15.7%	15.1%
\$100-\$299	38.3	58.6	33.7	30.9
\$300-\$499	15.6	14.0	14.3	23.1
\$500-\$749	7.3	6.4	7.5	7.2
\$750-\$999	3.9	1.5	4.9	3.5
\$1,000 or more	18.7	1.2	23.8	20.2
Total	100.0%	100.0%	100.0%	100.0%

Coming next month
How retailers run their computer department, and how they really feel about the industry

NEWSLINES COM- PUTERS

NEW ORLEANS—Co-op coffers are overflowing. Ten times more computer hardware and software vendors are offering co-op advertising funds to retailers than in fall 1982. This is according to Bruce Cummings, vice president of marketing, Softcell Computer Products. He urged retailers to take advantage of these plans offering 100 percent reimbursement on local advertising based on three to seven percent of sales this year. Softcell alone will make \$5 million available to dealers in 1984.

One of the more generous advertising co-op plans, offered by BPI Systems, is based on seven percent of sales. The company is expanding into the home market this year with three software programs for the IBM PCjr: Personal Investing, Personal Accounting and Speed Reading each carry a \$99 suggested retail price.

Co-op advertising is critical to build traffic and visibility, Cummings told Softcon attendees. "And it doesn't come out of your bottom line." Better yet, current co-op programs have been simplified and are easier to execute, Cummings continued. "This is the year when it will be most important to advertise, and the money is there to do it."

Cummings advised that dealers who decide to run co-op advertising should place a picture of the software or hardware being promoted in the ad itself. And, copy should be more than a running list of product specifications. "The copy should sell solutions and benefits of the software," he said. Retailers should also change the product mix in the ad regularly without radically altering the style of the ad. "This way, people will want to turn to your ad each day to find out what's hot. You'll build a reputation for being on top of the latest things," Cummings explained. "At the same time, you will be carving out an identity for your store. Readers will know its your store just by the shape, size, typeface and artwork in the ad." Cummings referred to advertising placed by some well-known department stores as successful examples of this.

GLENVIEW, IL.—Embracing IBM compatibility, Zenith Data Systems has launched a new line of personal computers that it reports can run IBM software "right out of the box." Prices will be seven to 21 percent below that of comparable IBM product. (See product information on page 51.) "We give the market what it wants, not what we think it should have," said John Frank, vice president of marketing, explaining the move. He quoted statistics showing that 64 percent of all home computers and 79 percent of all business computers will be either IBM's or IBM compatible by 1989.

Zenith Data Systems' president Don Moffet reported that the company currently ranks fourth in sales of desk-top computers in the \$3,000 to \$6,000 class. The company is strongest in the educational, government, OEM, big business and small business and professional markets, although "a goodly number" of its computers have found their way into private homes—"primarily for business-type use." Having scratched this area, will there be a mass-market computer in Zenith's future? "We make no advance announcement of products," said a company spokesman.

PROMOTION PIECES—Our Circuits, Ourselves!, a 12-page brochure from Infocom, Inc. lists and describes the company's line of entertainment and game software including the Zork Trilogy, Enchanter, Deadline, the Witness, Starcross, Suspended, Planetfall and Infidel. Dealers may obtain copies of the brochure from distributors or by calling 1-800/262-6868. "T & F Software has introduced a videotape that provides a continuous overview of the company's entertainment and educational software for home computers. The tape is available to dealers who place a minimum order of \$1,000. "Our tape takes much of the burden of the sales process off the shoulders of the typical salesperson," said T&F co-founder Tracy Talcove. "We examined the responsibilities of the while developing this tape." ... A new dealer display kit is available for the Clipper surge suppressor from Dymarc Industries. The assortment of promotional materials includes a color, countertop literature display stocked with Put a Leash on Spike brochures plus a supply of free to any dealer who places a stocking order of two cases of the Clipper. A dealer Evaluation Kit containing all previously mentioned materials plus a Clipper surge suppressor for examination and demonstrations can be ordered for \$39.95. Resale price is \$49.95. Interested dealers can call Dymarc at 1-800/638-9090. A free demonstration disk is being offered to all Softsync, Inc. dealers. The self-running disk highlights five new products: Personal Accountant, Computer Mechanic, Model Diet, Mothership and Dancin' Feats. A \$1,000 grand prize and recording time in a Hollywood sound studio will be awarded to the winner of the first annual Computer Song Writing Contest being sponsored by EnTech Software. Three cash prizes will be given away in all. Songs must be written with a Commodore 64 computer using EnTech's Studio 64 software. Entry blanks and official rules will be available through participating dealers. Entries must be submitted on a disk before Nov. 1. Winners will be chosen by a panel of music industry professionals and honored at an awards ceremony during the Winter Consumer Electronics Show.

MANAGEMENT MOVES—Coleco Inds., Inc. has appointed Charles Winterble to the position of group vice president, computer products. In the newly created position, Winterble will be responsible for all phases of electronic product development, including computer hardware and software and completing the engineering of products for manufacturing readiness. Winterble was previously employed by Commodore International. While there, his product team developed the VIC 20 and Commodore 64 computers. Most recently Winterble was president of Peripheral Visions, Inc. Software Arts has restructured and expanded its executive management group in preparation for new product introductions and corporate-wide growth in 1984. New appointments include Dr. Julian Lange, president and chief executive officer; Tracy Locklader, executive vice president and chief operating officer; Stephen Boyle, vice president, product development; Frank Belvin, vice president, software development; and Bruce Rampe, vice president, marketing and sales. Bruce Albright has succeeded Floyd Hall as chairman and chief executive officer of the Target discount store chain. Both men have previously served as chief executive of B. Dalton Booksellers. Dorothy Deringer has been named vice president of Atari Learning Systems Group, Atari's educational computing unit. She will oversee development of a line of computer products for learning in the home. Gerald Thurston has been promoted to the post of western regional manager of the Information Systems Div. of Toshiba America, Inc. His responsibilities include new business development with dealers and key accounts in a 13-state area. The Information Systems Div. markets personal computers, word processing systems and related peripherals in the U.S. and Canada.



Clipper dealer Evaluation Kit
is now available



Thurston names Thurston
western regional manager

MERCHANDISING COMPUTERS

Hess's spring cleans home computer sections

(Continued from page 41)
more than five years at this writing.

Lean and mean

Past the crystal chandeliers, antique statues and parquet wood floors, Dennis Deffrain, Hess's witty electronics merchandising manager, sits in his small office cubicle explaining the new "lean and mean" inventory policy for the chain's 27 home computer departments.

Until the industry "cleans up its act," Hess's home computer department will sell Commodore 64 computers only and Show Adam computers from Coleco. The only exception to the rule will be a new computer from Royal, scheduled for introduction early this month at a rumored suggested retail price of \$899.

In addition, software and peripherals will be mostly 64-compatible. Discontinued were Atari, Timex, Texas Instruments and Commodore's VIC 20 computers, along with most of the corresponding peripherals and software. "We got rid of everything," Deffrain said. "We are starting from scratch."

This housecleaning was preceded by the installation of Hess's first Professional Computer Center in the flagship store here in September. In the first few months of operation, the 2,500-sq.-ft. leased department surpassed all sales projections. On this basis, Hess's has leased three more high-end departments and plans to have at least 25 by 1986.

Computers carried in the departments, leased by General Computer, range in suggested retail price from \$1,396 to \$7,900. Digital, Kaypro and Columbia computers will be available, but the major emphasis will be on Apple machines. The first Professional Computer Center here features Apple computers exclusively.

CES disappointed

Deffrain decided to perform radical surgery on his home computer departments after a dispiriting visit to the Winter Consumer Electronics Show in Las Vegas. He described his strolls through the computer hardware aisles as "boring and depressing." When he did venture into the "fortress-like booths," he couldn't find "anyone worth talking to." And he wasn't impressed by the hype and hoopla going on at some of the exhibits.

"When I came back from the CES, I knew it was time for us to reevaluate where we wanted to go with computers," Deffrain said.

In fact, he had already become disenchanted with several vendors before his trip to Las Vegas. Many Coleco Adam computers sold by Hess's in the fall were returned because of defects. This did not sit well with Deffrain who takes Hess's pledge to "never disappoint the customer" very seriously. "We are adamant about this," he said sternly. "And we make sure our vendors know this."

By January, he had also assumed a very cautious stance with Timex, after the company sold the TS 1000 to retailers "for \$99.90 and began promoting it to consumers for \$99.95," said Deffrain. "You can stab me in the back once, but you can't do it a second time."

Finally, Deffrain started having serious doubts about Atari's commit-

ment to the home computer market. "I just wasn't positive that Atari would be around at the end of the year."

So now, the 1,500-sq.-ft. home computer department that sits next to the Professional Computer Center has been stripped of much of its hardware. Software kit's are half of what they were in the fall, when Hess's carried about 400 titles. Surviving titles are divided evenly between Commodore and third-party publishers.

Renovations are currently underway in the home computer department, which looked a bit shabby by comparison after the Professional Computer Center arrived next to it on the fifth floor last fall. The Commodore 64 computers and accompanying computer furniture will soon be enclosed in private cubicles. A new light box sign, similar to one in the professional center, will be given a prominent position over the revamped department.

Clean and bundled

"We're clean now, to the point where it's almost strictly Commodore products," Deffrain said. "We carry a Sakata monitor because it's Commodore-compatible and its Commodore monitors are hard to come by." He is also considering buying the new Concordo disk drives which are 64-compatible.

Part of Hess's strategy while riding out the home computer hardware storm will be to bundle the remaining hardware, software and peripherals into packages. Precise components of each have not been firmed up yet, but a typical offering would feature a \$699 package of components that would cost \$1,299 if sold separately. "It's a way of adding some points to the bottom line," Deffrain said.

"The way to go with this business is to market computers the same way as stereo components," he said. "When a customer comes in to buy a stereo he wants a package he can bring home, plug in and use immediately. The same thing goes with computers." Contents of bundled packages will be determined and heavily promoted in time for the high school and college graduation season.

In accordance with Hess's "never disappoint the customer" policy, Deffrain is thinking about setting up a special order software service that would answer the needs of all those people who had bought computers previously carried by the store.

Spec books are currently being collected from major software publishing houses and will be condensed into a master ordering list. Customers will be able to fill out a form and have the software shipped to their homes. Postage and handling will be paid for by the customers.

In the meantime, Hess's in-store software department will be run like a record department," Deffrain said. "We'll have the top 10 titles and change them weekly."

Some software will be purchased directly, but most will be acquired through distributors and at least 50 percent of it will fall into the entertainment category, Deffrain said.

Do it yourself

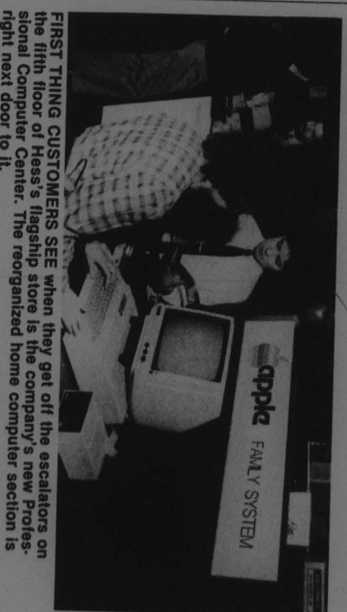
Another one of Hess's golden rules is, "If you want something done right, you've got to do it yourself." So

the department store maintains an in-house advertising agency and its own carpentry shop.

Weekly newspaper ads feature up to 10 electronics products on a full page. Two or three items are singled out each week for larger feature space than the others. "We're a lot different from other stores in that when we advertise a product, the buyer had better have it," Deffrain said. "If he doesn't have the product, when customers come looking for it, there's a good chance he won't have a job either."

Deffrain steered clear of the last quarterly supplement published by Hess's. The 24-page inserts must be planned very far in advance, and the "computer market was in such a mess," Deffrain didn't want to take a chance on promoting a product that wouldn't be around when the supplement came out.

In-store cardboard displays or posters provided by manufacturers



FIRST THING CUSTOMERS SEE when they get off the escalators on the fifth floor of Hess's flagship store is the company's new Professional Computer Center. The reorganized home computer section is right next door to it.

Dealers wonder whether Commodore will intro 264

(Continued from page 47)

Bamberger's now sells Apple, IBM and Epson products and is looking at other lines.

Other dealers echo Sweeney's enthusiasm for the new Macintosh. Krusowski said he was forced to put a lock on his Macintosh showroom door because it was getting too crowded.

"It's Macintosh fever," he quipped.

Low-end problems

Dealers point to a number of reasons why the low-end market is suffering. They range from availability problems to over-aggressive pricing to lack of software support. Overall, there seems to be little sympathy for those manufacturers that have been forced out of the market.

As one of the few dealers who briefly stocked the Timex 2068, Essrow was not surprised by the company's demise. He got out before the end because there was a lack of software support for the new machine.

The 2068 was widely regarded as overpriced and outdated by the time it was released, and many dealers are wondering if that same fate might be in store for Commodore's new model 264. Introduced at the CES in January, it should have been out by now,

are often not up to Hess's display standards. So if Deffrain receives a poster or promotional piece that he likes, he sends it to the store's in-house carpentry shop. There, the piece is translated into wood or some other media worthy of Hess's quality.

Despite his disillusionment with the industry, Deffrain believes home computers remain a viable product with a future. The market will be driven by workers who become acquainted with computers at their job, children who are using them in schools and people who just want to play games, he said. Plus, with some "big players," like General Electric and AT&T, expected to stabilize the market, it is bound to enter the mainstream. Hess's recommitment should in no way be misconstrued as a withdrawal, Deffrain concluded.

"We've been in this business from day one, five years ago," he said. "We are still making a major commitment."

but the company moved back its release until the fall.

While two other forces on the low-end market, the Coleco Adam and the IBM PCjr, are expected to make life difficult for Atari and Commodore, many dealers are not expecting these new releases to produce any sales bonanzas.

The Adam is still suffering from a return rate that, some dealers say, reaches 50 percent, and the PCjr has had some of the wind taken out of its sales by the Macintosh, even though the Apple product is much higher priced.

Last year's death of the TI 99/4A also had a long-term adverse effect, dealers say. Many consumers were only dimly aware that the machines were being closed out. And after seeing TI's advertised for \$49.95, they are reluctant to pay \$200 for an Atari or a Commodore.

While low-cost home computers are not likely to completely disappear over the next few years, many of these dealers seem to be preparing themselves for that possibility by pointing their customers towards the next step, a more powerful, but still relatively inexpensive, personal computer.

Nevertheless, they realize, a rush in that direction could produce something no one wants—yet another price spiral.

Zenith unveils computers compatible with IBM PC

GLENVIEW, IL—Five IBM PC-compatible personal computers have been introduced by Zenith Data Systems Corp., a wholly owned subsidiary of Zenith Radio Corp.

According to the company, the new Z-100 PC systems are both software- and expansion-board-compatible with the IBM PC. More than 175 software programs, including Lotus 1-2-3 and Flight Simulator, have been successfully tested along with "dozens" of plug-in boards.

The line of Z-100 PC's includes three desk-top systems and two portable systems. All have 128K RAM expandable to 640K, two RS-232-C serial ports, one Centronics-compat-

ible parallel port, RGB color output, an IBM expansion bus and a detached keyboard.

When fully configured, all have four additional slots for expansion. Desk-top models also provide "gray-scale" monochrome output.

Desk-top systems are available in three configurations with 5¼-in. floppy disk drives: a single-drive system (\$2,699 suggested retail price); a dual-drive system (\$3,099), and a dual-drive system with one floppy disk drive and one 10.6-million-byte Winchester hard disk drive (\$4,799). These do not include a monitor.

The two portable systems, both



Z-160 PC portable system

with built-in nine-in. amber monitors, have suggested retail prices of \$2,799 for the single floppy disk drive version and \$3,199 for the dual floppy disk drive version.

Zenith Data Systems, 1000 Milwaukee Ave., M, Glenview, IL 60025.

Rana Systems announces first intelligent disk drive

CHATSWORTH, CA—The Atari-compatible Rana 1000 disk drive can locate and analyze systems problems while offering intelligent solutions, the maker claimed.

A panel on the drive automatically lights if a diskette with a Write Protect tab is being used. The drive also provides a user-selectable method of protecting diskettes from being overwritten, if a write protect tab is not available.

Other features include density and



Rana 1000 disk drive

drive number and track indicators. A panel light also alerts users to one of

21 different conditions, two normal and 19 errors. Condition codes are referenced in an operations manual with information and solutions to common problems. The diagnostic function allows the user to verify the performance of the drive and disk.

The Rana 1000 measures two-thirds the size of a standard Atari drive and is fully consistent with Atari operating systems and modes.

Interconnecting cable, power supply and instruction manual are included with the Rana 1000. Double density DOS is available as an extra cost option.

Rana Systems, 21300 Superior St., M, Chatsworth, CA 91311.

Superstar sensor chess computer has up to eight Tournament levels of play

INGLEWOOD, CA — Superstar sensor chess computer contains a 28K byte system with expansion modules for up to 36K of memory. Users may choose from 24 levels of play. Levels A1 through A8 for Casual Play provides computer response time ranging from two seconds to 10 minutes plus infinity.

In eight Tournament levels, Superstar plays according to internationally accepted time limits. These include Speed Chess (five minute games) to Grandmaster Tournament (40 moves in 2.5 hours). In the remaining Problem levels, the computer solves chess problems up to mate in eight moves. The computer only makes a move if it sees a forced mate in the number of moves corresponding to the level

of play selected.

After detecting an illegal move, Superstar indicates which offending piece must be removed before play resumes. Users can also replay an entire game for analysis.

A Display Move mode allows the player to observe the "thought process" of the computer during play. The computer shows all moves under consideration prior to making the move.

Superstar operates on six C batteries or by an optional 8V adaptor. Built-in storage is provided for chess pieces. Weight without batteries is .45 lbs. The suggested retail price is \$179.

SciSys Computer Inc., 359 East Beach St., M, Inglewood, CA 90302.

Carrying cases protect 10 personal computers

WARREN, RI—American Tourister has introduced a line of carrying cases including nine hard-sided models designed to protect and secure personal and portable computers.

Cases are compatible with the following computers and printers: the IBM PC; Epson HX-20; Epson FX-80; Sharp PC5000; Apple II/IIe; NEC model PC 8200; Franklin Ace model 1000; Xerox 1810, and Convergent Technologies Workslate.

Custom foam interiors are cut to the exact dimensions of the particular computer. High security combination locks and swivel cam locks provide extra protection.

The company also offers cases for original equipment manufacturers



American Tourister case

(OEMs) of personal computers, software media, videogames and other electronic and business-related products.

Special Products Div. of American Tourister, Inc., 91 Main St., M, Warren, RI 02885.

JVC introduces computer tapes

ELMWOOD PARK, NJ — The magnetic tape division of JVC Co. of America has introduced two cassette data tapes for personal computers under the Dynaflex label.

The DF-10 offers five minutes per side while the DF-15 provides 7½ minutes per side. A high-quality magnetic coating on the tapes is designed to record binary data signals more accurately. The coating also provides greater stability in high-speed data transfer and minimizes fluctuations in the output level.

A leader tape on both cassettes passes the head in seconds, providing almost instant access to required data. The leader tape also functions as a head cleaner while its length protects the tape.

A highly-polished tape finish improves tape/head contact and increases reliability when the tape is used many times. The cassettes can be used in specialized data recorders or ordinary portable cassette recorders.

JVC Co. of America, Div. of U.S. JVC Corp., 41 Slater Dr., M, Elmwood Park, NJ 07407.



JVC computer cassettes

Apple announces double disk drive

CUPERTINO, CA—A floppy disk drive unit from Apple Computer contains two half-in.-high, 140-kilobyte drives side-by-side in a single case. The DuoDisk drive is fully compatible with Apple II software and is priced lower than two separate Disk II drives. Because the DuoDisk is the exact width of the Apple II, it can sit between the computer and monitor.

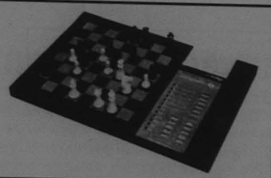
Technical improvements include a new disk eject mechanism and an advanced head positioning mechanism to give a more precise reading of half-tracks.

DuoDisk comes with a controller card that connects to any Apple II, Apple II Plus or Apple IIe. Suggested retail price is \$795. DuoDisk is covered by Apple's standard 90-day warranty.

Apple Computer, Inc., 10260 Bandley Dr., M, Cupertino, CA 95014.



Apple DuoDisk drive



SciSys Superstar

Table stabilizes Atari joysticks

MISHAWAKA, IN — The Kedge Grip joystick table from Nyloncraft, Inc. makes videogame joysticks more stable and arcade-like, according to the maker. It can also help reduce arm and hand fatigue while improving the player's accuracy in move timing.

Kedge Grip can be used with or without legs on countertops, coffee tables, floors or TV tray legs. It is designed specifically for the Atari 2600 joystick and is adaptable to most others. Suggested retail price is \$15.95.

Nyloncraft, Inc., 616 W. McKinley Ave., M, Mishawaka, IN 46545.



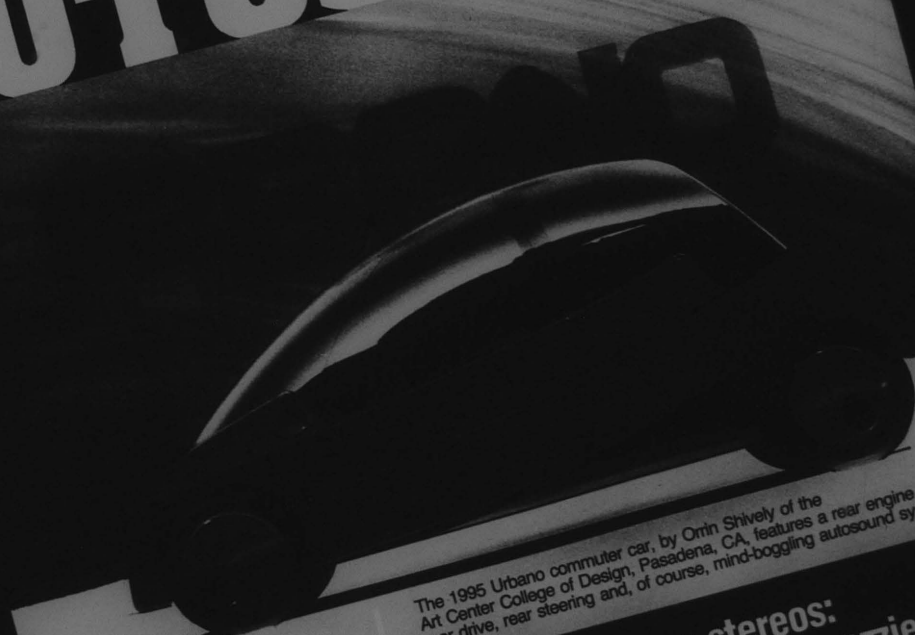
Kedge Grip joystick table

Merchandising

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to the high end in...

AUTOSOUND



The 1995 Urbano commuter car, by Orin Shively of the Art Center College of Design, Pasadena, CA, features a rear engine, rear drive, rear steering and, of course, mind-boggling autosound system.

**Tomorrow's car stereos:
smarter, smaller and snazzier**

Retailers anticipate 10-40%
increases in sales in '84

Is Detroit aiming for
a larger piece of the pie?

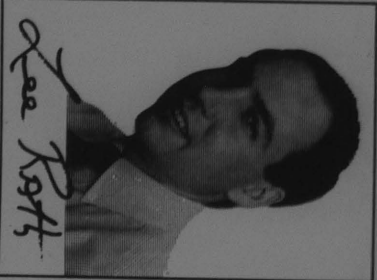
Dealers eye the blank tape market

Plus updates on
CD players and AM stereo

Also in this issue:

How Foley's hangs on to its major appliance customers
A full report on the April Housewares Show
Computer dealers reveal how they really feel about the business
Platt Music: retailing fashion and excitement
What RCA's videodisc detection means to you
European styling comes on strong in major appliances

OVERVIEW



RCA's failure either to find, create a need ultimately sank the CED videodisc system

RCA's decision to leave the videodisc business underscores an important point that a number of consumer electronics manufacturers seem to have overlooked in recent years. That is that it's the consumer who ultimately decides whether a product lives or dies.

No matter how "technologically successful" it may be, if it's not the right product, at the right price, at the right time, it's not going to succeed.

To RCA's credit, it is bowing out gracefully. Not all of the retailers we've talked with are happy about the move. Yet, the company has promised, no one is going to be left in the lurch. Plus, RCA is taking steps to see that there will be enough discs pressed down the road to satisfy the needs of people who already own a CED player.

Too little, too slow

In explaining why it left the market, RCA cites the bottom line. Despite a number of attempts, volume simply could not be built fast enough to make the videodisc system profitable any time in the near future.

In explanation, it points to the competition. Low-priced VCR's captured too much of the market. Pre-recorded tape rentals took the company by surprise. The rapid growth of the prerecorded tape market made it difficult to distribute discs. And unexpectedly low prerecorded tape

prices put even more pressure on the discs.

In addition, RCA said, it found itself virtually alone in the market—unable to build an entire industry on its own.

Despite RCA's careful explanations, however, there are some other reasons why the system failed.

Although the company discounts the fact that there was a playback-only system, the fact exists that the CED player was technologically outmoded even as it was introduced. Competition—both in the beginning and down the road—came from the laserdisc system as well as the VCR.

In making his choice, the consumer was more sophisticated than RCA was willing to give him credit for.

In the first place, the CED system made a point of toutling its simplicity of operation. But was this really all that important to the consumer? Apparently not.

People encounter fairly intricate electronics every day—on their microwave ovens, on their car radios or on the job. The fact that a product sports little more than "on" and "off" switches may no longer count for much. In fact, it may hurt.

While price will always be important, it's not always the overriding factor, either. People are willing to pay more today if they get a product that is filling a specific need. The fact that the CED player was priced lower

than the VCR was not enough to trade most people down.

The same goes for the price of the disc itself. While it may be true that the average CED player owner bought more discs than even RCA had predicted, over the long run, few people are really going to be interested in building a library, at least not one consisting of the movies and other fare that's available today.

Also going against CED was its lack of random-access capability at the beginning, and the failure to develop much programming for this feature after it was introduced. People shopping for a videodisc player could quickly spot the difference when comparing CED with laser.

And consciously or unconsciously, the wrong market was targeted for the product. The original CED's old-fashioned-looking woodgrain cabinet did not appeal to the younger, hipper consumers who are pioneering the purchase of home video products. Neither did the later choice of Gene Kelly as spokesperson.

Finally, there were missed opportunities, particularly in the area of video music. The CED player, with its superior sound and its "quick change" capabilities for software, could have blasted open new sales avenues. But this did not happen.

No need

In short, no matter how good the product may have been, RCA gave the consumer no real reason to buy. No need existed: none was created.

RCA is not alone here. We have only to look at the home computer to find another product that, while technologically excellent, has really failed to live up to its potential because few consumers feel a need to buy one. And in the appliance industry, there's the convection oven—a great product which has yet to generate much consumer excitement.

With all this said, however, it should be noted that RCA's leaving the market does not necessarily spell the end of the videodisc. Along with rumors that we may yet see the debut of the "third system," VHD, in the U.S. this year or next, laser remains a factor, one that is gathering strength.

And people are going to become more and more familiar with this product in the near future. They are going to be exposed to laserdisc systems in shopping centers, either as sales or as information devices. A major automotive manufacturer is planning to show a laserdisc unit in a car that is designed to store a nation's worth of roadmaps. Arcade games are making good use of the system. And several computer manufacturers have hinted that they will show some sort of interactive disc tie-in before the year has ended.

There remains plenty of opportunity for the videodisc. But only for manufacturers who can find a real need for the systems, and then move to fill it.

NATM
Coverage
starts on page 63

MERCHANDISING

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by *Avanti*

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MAY, 1984

People need a reason to buy before they need a computer

In the beginning (I know the phrase has been used before, but I figure you can't miss if you've got good material) there was the wheel. Until some caveman got the brilliant idea that boulders could be more easily moved with the use of a round device, man struggled as best he could.

Now the wheel is probably the greatest invention of all time. It revolutionized the manner in which man conducted his daily existence. It made life easier. It freed him to do other things which he found more enjoyable.

Somewhat more recently, a series of developments led to the car. I realize the automobile hasn't necessarily made us better people, but it too transformed our way of life. Or to put it another way, would there be K mart without the car?

Man was then given the television. It also changed life in these United States, also not necessarily for the better. Communications-wise, we're much better off. Entertainment-wise, I'm not so sure.

More recently, we entered the computer age. I don't think a day has gone by in the past two or three years that I haven't heard the word "computer" uttered by somebody. If so many people are talking about them, be it positively or negatively, they must be important. But important for what? Most people aren't sure. And therein lies the problem.

Who needs it?

Oh, they realize that big business can't, and shouldn't exist without them. Most people will even concede that some small businesses (The Hat of the Month Club, for lack of a better example) and individuals should own a computer.

But beyond that, the question is basic: Why are computers so good for the average homeowner or apartment dweller who has lived all this time without one? How can they make his life better?

Retailers have heard all the hype concerning the product. A battery of suppliers and reps try daily to convince buyers to carry this hardware or that piece of software or this type of printer. But will it sell through? And why? Or why not?

On page 16 of this issue, 12.6 percent of the retailers interviewed by *Merchandising* said the main reason why people are skeptical about buying a home computer is that they just don't understand them. Another 18.5 percent of the respondents said people aren't flocking to their stores because they don't think they need a computer. An additional 57 percent said people are waiting for prices to drop. And six percent said people have no need and are waiting for prices to drop.

When you add it up, 37.1 percent of 151 retailers believe potential customers are being lost for the simplest of reasons. That being they either think they don't need a computer or don't want one because they're not sure what the machine does anyway.

We make no claims that our survey is an exact duplication of the country as a whole, but we think it is a

representative sampling of how most retailers feel about the computer market.

More than a calculator

When a person enters a store and is told only that he can balance his checkbook or write a letter on his computer, you're going to lose that sale.

Why? Well, if he's writing a \$1,500 check to pay for the computer he's probably not having much trouble with the bank in the first place.

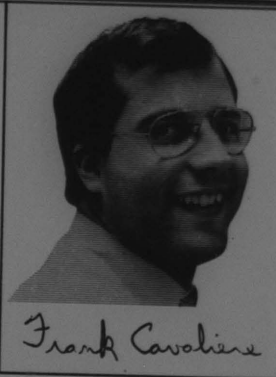
And the last time I checked some

statistics, no more than 10 percent of Americans had written a letter in the past 12 months.

Computers are more than high-tech typewriters or calculators. They are also a tool to more quickly disseminate information, a valuable asset for those households that need the services that one can provide.

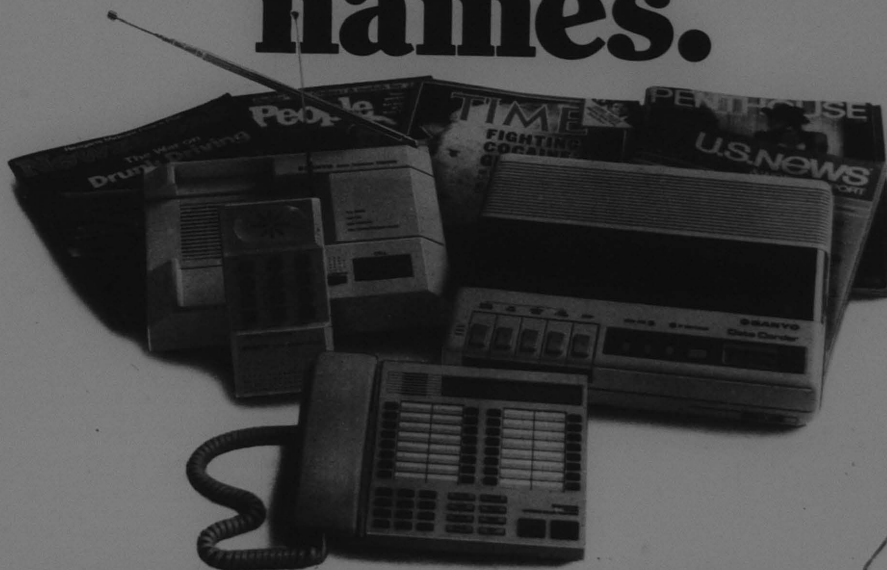
But until enough of the public is made aware of what those services are and of the many benefits of ownership, few people are going to buy.

Nevertheless, retailers are an optimistic lot. Over 60 percent of those we polled didn't think the market for home computers has been overstated. So there is hope that the product will take its expected place among the television, the car and the wheel.



Frank Cavaliere

Why Sanyo sells better than what's-their-names.



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Computers: Page 14

MSX to have major impact as computer market grows

By Debbie Rosenblum, field editor

SAN FRANCISCO—In many ways, the computer market for the remainder of '84 will closely resemble that of the same period last year. Growth and the rate of change will continue at a phenomenal pace. There will be the same number of huge players involved (although some faces have changed). And the vast majority of consumers will remain confused about the uses and benefits of a computer.

Meanwhile, some aspects will be markedly different this year. The introduction of MSX machines in the fourth quarter will perhaps have the most significant impact on the marketplace. Electronic distribution of software, at the same time, will be making its first dent. In addition, pricing strategies have been modified as well as marketing campaigns.

These were among projections and observations made by panelists and speakers at Billboard's Second Computer Software Videogame Conference held here recently.

The videogame lives

Kicking off the three-day meeting, Dave Ruckert, executive vice president, Atari, told the audience that "research clearly indicates there is a continuing demand for videogames as well as home computers."

His generally positive outlook for the videogame business stems from several consumer studies. For example, the Gallup Survey which was conducted at the beginning of the year "indicated 23 percent of the homes now have a videogame and as many game machines will be bought in '84 as were bought in '83."

Atari itself surveyed VCS owners in 800 homes, also at the first of the year. Results revealed 83 percent of the 2600's ever sold are still in use and the average number of cartridges people will buy in 1984 is four—exactly the same number they bought in '83. In addition, the hours per week played is up due to the increased number of people in the home who are using the games.

The bad news, Ruckert noted, is that the high inventory levels that plagued the industry last year "will be with us throughout 1984." The reason is twofold: Current trade inventories are high and manufacturer inventories of old product will continue to be dumped on the market. The problem will become particularly acute during the fourth quarter.

Bullish on computers

Turning to home computers, Ruckert said it should be a reasonably bullish year. "Gallup predicts an increase of 40 percent in hardware sales in 1984. And computer software sales could easily double again."

But, he pointed out, "here again we have troublesome signs of the same kind of overproliferation of product that we saw in videogames. I don't think the crashes will be as loud. Still, there are going to be some unpleasant noises."

William "Trip" Hawkins, president, Electronic Arts, views the situation similarly. "I think what happened last year—the initial bluish of success for Tintex and TI and some other products and the fact that none of them are around now—indicates the market for

disposable computers is gone."

Wall Street analysts concurred for the most part with industry insiders. "What seems to be the same this year as last is you've got the same fast rate of change in terms of available products and technology," observed Barbara Isgur, vice president, Paine Webber Mitchell Hutchins. "But there are the same questions about the real uses of computers in the home among consumers."

"There are also the same huge number of companies involved in the industry although the identities have changed somewhat," she noted. "We are minus Texas Instruments, Mattel and Tintex, but we are plus the Japanese and some others."

Many other differences exist. "There's more pricing aimed at being profitable; not just aimed at gaining market share," Isgur said. "There's a different software focus: a broad recognition that market segments can overlap. One example is 'edutainment.'"

She continued, "Another difference I see is the forms of distribution. We're beginning to see the advent of electronic distribution of software both to retailers and to end users. There are also more focused and more sophisticated marketing strategies being used by the companies in this industry."

Jeanne Dietch, president, TALMIS, Inc., also pointed to the typical con-



MARKET RESEARCH indicates a continuing demand for videogames, despite gloomy industry predictions, maintains Atari's Dave Ruckert.

sumer's cautious attitude as a prime problem afflicting the industry. "Our studies indicate that the consumer is much less sophisticated than many think. Many of those who will probably buy a computer during the coming year are not interested in learning to program. It's important to understand that's where the consumer is at."

Here comes MSX

On top of all those goings-on, retailers need to be prepared for the debut of MSX late in the year. This new operating system could very well have a significant impact on the whole industry.

According to Alex Weiss, president, Spectravideo, MSX will bring about a



DISPOSABLE COMPUTERS, such as the low-end Tintex and Texas Instruments models, are no longer in demand, says William Hawkins, president of Electronic Arts.

form of standardization similar to what now exists in the audio/video market.

"You will no longer have peripherals and software being dedicated to specific machines," he said. "We're looking at an operating system that will give the consumer true honest value for his dollar. He won't have to be afraid that what he buys today will be outmoded next Christmas."

Weiss estimates that about 250,000 MSX units will be in the states and on retail shelves this coming Christmas season. They will be supplied by four to six manufacturers.

Bruce Davis, president and chief executive officer, Imagic, agreed. "Even though it's not the most advanced operating system available, I think for most consumers MSX will give sufficient value." He anticipates most computers in the basic configuration will be priced in the \$200 to \$300 range; retails for software will probably be lower than those for many existing systems.

Divided on electronic distribution

Turning to electronic distribution, conference participants were divided on the subject of its viability for the future.

"I think electronic distribution is going to fail," Hawkins said. "I don't think there's any reason to believe it's any better an idea than a consumer going into a record store and having a machine with blank tape in it spit out the recordings that he wants to buy."

Joe Barrett, computer software buyer, Platt Music Corp., also acknowledged the success of electronic distribution is uncertain. "Customers do want to go home with a solid product in their hands," he said.

David Lamb, director home electronics/entertainment program, LINK, believes, on the other hand, teledelivery is definitely going to be a viable service sometime in the future because of the convenience and cost savings involved. It won't, however, be a significant distribution form until the issue of dealing with something invisible to the consumer is resolved. That will also impact teledelivery to the home.

Richard Adler, director videotex/teletext program, Institute for the Future, thought otherwise. He sees the speed limitations and the high costs of modems as the main barriers preventing the success of teledelivery to the home at this point.

Retailers split on merits of software packaging standards

By Michele Tomasik, contrib. editor

NEW ORLEANS—While software packaging standardization would seemingly come as a relief to retailers already buried beneath an avalanche of sku's, there are indications that not all dealers would welcome such standards.

On the plus side, "one size fits all" packaging would make it easier for stores to stock and display software. In addition, salespeople would not have to answer as many customer questions or stage fancy demos if the vendors followed packaging information guidelines.

On the other hand, standardization could stifle some creativity—and sales. For example, one publisher, notorious for its radical package designs, was honored by dealers last year with an award for best packaging.

Retailers who find themselves caught in the middle—wanting both standardization and creativity—can find some consolation in the fact that many vendors are moving to refine their packages without making them all look alike.

Information display is being improved, including the addition of actual program screens that more accurately depict what the software will look like. One firm has even devised a way for consumers to review the documentation without damaging the software.

In addition, strategies for handling today's multitude of shapes and sizes have been advanced by several display and packaging firms as well as by a few software publishers themselves.

Stand out from the crowd

Software vendors will resist any attempts to standardize packaging while "the market still demands definition," said Harry Brawley, Jr., president, Sigea Systems, interviewed at Softcon.

"Packaging," he added, "is one way that software makers can stand out from the crowd."

The right kind of package can also project a desired image to the vendor's target audience. For example, Koala Technologies Corp. discovered that its bright orange colors created a "kiddie image." So it is introducing more neutral tones to draw attention from "all age groups," said a company spokesperson.

The new packaging is also easier for retailers to display and much more in-

formative than the old, added Koala's new president Jeffrey Heimbeck. "We had the mass merchandiser in mind when we designed it. That's why we added sharper, cleaner lines and a bullet format."

Heimbeck was doubtful that the software industry would move toward size standardization until the number of software companies declines sharply. He pointed out the record industry is able to standardize its packaging because "there are only a few large companies in the business."

One of the most innovative companies in terms of software packaging is Infocom. Although retailers claim

the packaging "drives them crazy," they don't mind because it sells so well. Infocom's Suspended computer game, which comes with a life-size white mask, was voted best software package design by dealers in 1983.

Ironically, Infocom has instituted an in-house packaging standardization program for its entertainment software. New, very narrow folders will appear on retail shelves in September. Until then, the company is soliciting feedback from dealers to find out what type of improvements they want most.

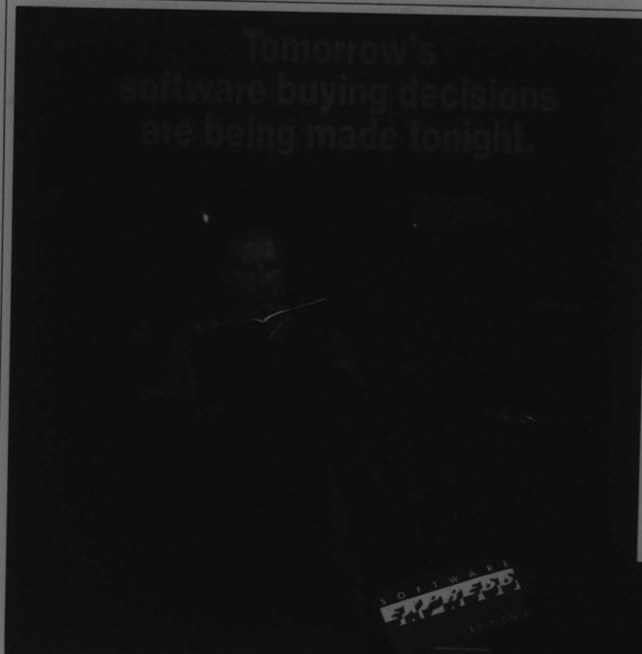
New packaging at Avant-Garde Creations had different inspiration. The company has found most soft-

ware, especially disks, must be dressed up with bells and whistles to increase its perceived value among consumers. For that reason, the company has created colorful, padded, plastic cases for its education, game, graphics, applications and business software.

"People have a real problem paying \$39.95 for a paper thin floppy disk measuring 5 1/4 in. Packaging fulfills a psychological need and makes them feel they are getting their money's worth," a spokesperson for Avant-Garde explained.

Meanwhile, the efficient use of floor and shelf space for software is a con-

(Continued on page 18)



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RETAILERS WILL TOLERATE unorthodox packaging such as Infocom's *Suspended* (shown above), as long as it sells.

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Retailers pleased with vendors of peripherals, software, but fault hardware manufacturers

By Frank Cavaliere, associate editor
NEW YORK—Retailers are having an easier time dealing with both peripheral and software manufacturers than hardware manufacturers in the ever-changing computer business.

Dealers say they are having few problems sorting through the myriad of software titles, printers, joysticks and disk drives available. These vendors are apparently doing a good job of filling their needs.

All is not perfect, however. Retailers expressed, sometimes forcefully, their disappointment with hardware manufacturers, which, they asserted, do not understand the needs of their businesses. Among the more prevalent complaints were ones of inadequate sales support, low profit margins and too many dissatisfied customers.

These were among the findings revealed in a retailer survey done by *Merchandising*. Part one of findings from the survey ran in the April issue. In this, the second part, retailers sound off on what's bothering them when it comes to stocking computer products.

Two-thirds are pleased

When asked if they believed software manufacturers understood the marketing needs of their particular operation, 65.5 percent said yes while

the remaining 34.5 percent said their relationships with software suppliers needed improvement.

A nearly identical response ratio was gotten when retailers commented on their satisfaction level with peripheral suppliers. Almost two-thirds (66.2 percent) said they were pleased with the understanding peripheral manufacturers exhibited and slightly more than one-third, or 33.8 percent, said they were not.

For both questions, retailers were asked to elaborate if they were not happy with their software and peripheral manufacturers. For software, a recurring problem was the lack of demonstration programs. Retailers said they need these programs to become familiar with a program before customers begin asking questions about it.

"Dealers need available demonstration packages to fully understand the software—and at reasonable cost!" replied one retailer. Another respondent simply said, "We need to have demos of programs."

In a related area, another called for "more good educational programs for all levels, especially intermediate."

In the peripheral category, complaints ranged from the broad ("too complex") to the specific ("Cables do not match. All [cables] should make universal connections"). A similar

comment calling for easier connections was written briefly as "better interfacing/standardization needed."

What this suggests is that retailers are still being hurt by incompatibility. People who buy a cpu, a printer and a disk drive from different companies and find they cannot be connected without too much work do not make happy customers.

Hardware's another story

The responses on hardware reflect retailers' continuing struggle with the complicated world of computers. Falling prices still confuse dealers, and in turn, their customers.

Many implied that selling computers is made even more difficult by limited supplier support and sales training. "If you don't tell us enough about the machine, how can you expect us to convince a customer?" retailers seemed to say.

After checking off the "no" box when asked if he believed that hardware manufacturers understood the marketing needs of his particular operation, one respondent listed his principal complaints as, "no training on how to sell merchandise, no profit and too many returns."

Overall, response revealed nearly a 50/50 split, with 48.6 percent saying they thought suppliers understood their business and the remaining 51.4 percent voicing the opposite.

Typical of many suggestions were two people who wrote of the need for "price stabilization" in their suggestion space. Although prices are fluctuating less than in the past, retailers are apparently still being hurt.

One dealer expanded on the thoughts of many of his colleagues,

noting that "some stores are selling products at a lower price than I can buy them for."

But the object of his wrath, mass merchandisers, also called for improved pricing strategies. One said "sensible distribution policies that allow the retailer to make a fair profit for the time and money he has invested" are badly needed.

Pricing affects sales

Trouble with pricing is having a direct effect on sales, said the retailers. Exactly 57 percent of those queried said the main reason people are hesitating to buy a computer is that they are still waiting for prices to drop. The second most prevalent answer, with 18.5 percent of the total, was that people have no need for a computer now. Six percent cited both of these reasons as the main causes of consumer resistance.

The remaining responses were divided between retailers saying their customers simply do not understand computers (12.6 percent) and other, unlisted reasons (19.2 percent).

Must explain applications

Manufacturers must "be able to explain current and future applications of their merchandise," and provide "better information for the public as to the needs for home computers," said two of the respondents.

A representative reply addressing the majority view said manufacturers and retailers should shoot for "one year of stable pricing" and selling product from a need standpoint instead of just price.

But that may not be so easy to do. More than one-third, 39.9 percent of the retailers, said that they felt that the potential computer market had been "overstated" by manufacturers trying to build sales before building a sense of need for their products.

Do you believe that software vendors understand the marketing needs of your particular operation? (Based on 142 replies)

Yes	93	65.5%
No	49	34.5%
Total	142	

Do you believe that peripheral manufacturers understand the marketing needs of your particular operation? (Based on 142 replies)

Yes	94	66.2%
No	48	33.8%
Total	142	

Do you believe that hardware manufacturers understand the marketing needs of your particular operation? (Based on 142 replies)

Yes	69	48.6%
No	73	51.4%
Total	142	

Which of the following would you consider to be the main cause of consumer reluctance (or resistance) to home computers? (Based on 151 replies)

Prices are too high	57	37.8%
They are not needed now	28	18.5%
They do not understand computers	19	12.6%
They are not sure of the benefits	13	8.6%
Other	34	22.5%
Total	151	

Do you feel that the computer market has been overstated? (Based on 151 replies)

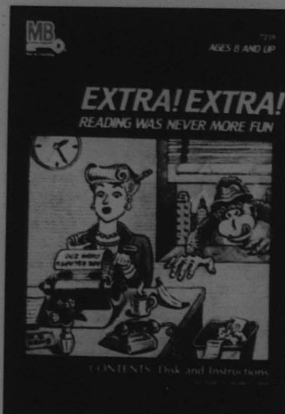
Yes	61	40.4%
No	90	59.6%
Total	151	

NEW RELEASES IN SOFTWARE

COMPUTERS

EDUCATIONAL

BANNERCATCH, Scholastic, Apple, Atari, Commodore 64- and IBM PCjr-compatible. Available now.
BASIC, A TUTORIAL, Orbyte Software, Commodore 64-compatible. Available now. Suggested retail \$69.95 disk.
DINOSAURS, Advanced Ideas, Inc. Apple II/Ile-compatible. Available now. Suggested retail \$39.95.



EXTRA! EXTRA! Milton Bradley Co. Apple II/Ile-compatible. Available now.
GAME OF THE STATES, Milton Bradley Co. Apple II/Ile-compatible. Available now.
GO TO THE HEAD OF THE CLASS, Milton Bradley Co. Apple II/Ile-compatible. Available now.
LUCKY'S MAGIC HAT, Advanced Ideas, Apple II/Ile-compatible. Available now. Suggested retail \$39.95.
MASTER MATCH, Advanced Ideas, Apple series, IBM PC- and PCjr, Commodore 64-compatible. Available now.
MONKEYBUILDER, Artworx Software Co. Commodore 64-, Atari-, and Apple-compatible. Available now on disk. Suggested retail \$29.95.
MONKEYNEWS, Artworx Software Co. Commodore 64-, Atari-, and Apple-computer compatible. Available now. Suggested retail \$29.95.
SPEED READING, BPI Systems, Inc. IBM PCjr-compatible. Available now. Suggested retail \$99.
STOCK ANALYZER, Orbyte Software, Commodore 64-compatible. Available now. Suggested retail \$59.95 disk.

GAMES

BEAM RIDER, Activision. Coleco-Vision-compatible. Available now. Atari 2600-compatible. Available this month. Suggested retail price \$34.95.
BERZERK, Atari, Inc. Atari 5200-compatible. Available now. Suggested retail \$40.95.
PITFALL, Activision. Atari 5200-compatible. Available now. Suggested retail \$34.95.
REALSPORTS BASEBALL, Atari, Inc. Atari 5200-compatible. Available now. Suggested retail \$32.95.
REALSPORTS FOOTBALL, Atari, Inc. Atari 5200-compatible. Available

now. Suggested retail \$49.95.
ROBOTRON: 2084, Atari, Inc. Atari 5200-compatible. Available now. Suggested retail \$40.95.
AEGEAN VOYAGE, Spinnaker, Commodore 64-compatible. Available now. Suggested retail \$39.95 for cartridge.
BOUNDER DASH, First Star Software, Commodore 64-compatible. Available now. IBM PC/PCjr-compatible. Available now.
DEATH STAR* BATTLE, Parker Bros. Atari 400/800/1200XL-compatible. Available now.
DRAGONHAWK, Creative Software, Commodore 64-compatible. Available now. Suggested retail \$29.95 for disk.
GUMBALL, Broderbund Software, Atari series computer compatible.

Available now. Suggested retail \$29.95.



SPUD/MUG SHOT, Howard W. Sams & Co. Apple II-compatible. Available now. Suggested retail \$29.95.
ROBOTRON: 2084, Atari, Inc. Atari-series computer compatible. Available now. Suggested retail \$49.95.

HOME MGT.

THE BEST OF WOK TALK, The Software Toolworks, IBM PC/PCjr-compatible. Available now. Suggested retail \$29.95.
COMPUTER CHEF, The Software Toolworks, IBM PC/PCjr-compatible. Available now. Suggested retail \$29.95.
THE HOME ACCOUNTANT, Continental Software, Macintosh-compatible. Available now. Suggested retail \$99.95.
IRA MONEY MAKER, Knowledge Reach Assoc., Inc. IBM PC-compatible. Available now. Suggested retail \$29.95.

Dealer friendly.

In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

They'll give you fewer service problems, thanks to the famous Zenith reliability and commitment to quality. Zenith knows video: who can make better monitors than the company that has been making better television sets, over sixty million of them, since 1948?

When it comes to your bottom line, Zenith monitors provide exciting profit opportunities, with generous margins available on every model.

(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

(left) ZVM-124: Non-glare amber screen. Super resolution for IBM PC with monochrome adapter.



ZVM-131: 40 column display. Audio amplifier - ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier - ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

ZENITH

data systems

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COMPUTERS

House to push anti-counterfeiting legislation, says U.S. industry loses \$3-4 billion in sales

By Bob Garty,

Washington correspondent

WASHINGTON, DC—Legislation aimed at eliminating the sale and distribution of merchandise bearing counterfeit trademarks has been given a major push as a result of two separate investigations into the extent and impact of the practice on the economy.

The International Trade Commission (ITC) and the House Subcommittee on Oversight and Investigations have issued reports saying that counterfeit merchandise is costing U.S. manufacturers billions of dollars and that thousands of jobs are being lost.

Records and tapes, videocassettes, computer software and related equipment, small household appliances, videocassette recorders, speakers, electronic components and video games were among a broad range of products being counterfeited in 44 countries around the world, according to the ITC's investigation.

At least \$3 billion to \$4 billion was lost in domestic sales and export sales by U.S. industry in 1982 due to foreign counterfeiting and similar practices, the agency said. In addition, an estimated 131,000 jobs were lost.

But according to Rep. John Dingell, (D-MI) the chairman of the House Commerce Oversight and Investigations Subcommittee, the problem is

far more costly than that.

He said \$3 billion in sales and 210,000 jobs are lost in fake auto parts alone every year. His subcommittee has not yet developed an overall estimate or estimates for other specific industries.

However, according to the ITC study, at least \$400 million in U.S. record and tape sales were lost in 1982 due to counterfeiting, along with another \$258 million in export sales. Estimates for other products such as household appliances, VCR's and computer software and equipment were not broken down in the ITC report. However, the loss clearly was in the millions.

Confidence shaken

Both reports pointed out that confidence in American products is shaken as a result of performance by inferior counterfeit goods, causing damage to U.S. manufacturers as well as, in some cases, risking the lives of consumers.

"Practical copies of American goods continue directly and substantially to our huge and growing trade deficit," Dingell told *Merchandising*. "We must overcome this threat to our overseas markets and our technological base."

He criticized the Reagan Administration for "doing a lousy job in enforcing our customs laws" and blasted President Reagan's proposed

1985 budget for calling for a reduction of some 960 employees in the U.S. Customs Service.

"Instead of budget cuts in this very cost-effective agency, a substantial increase is needed to protect Americans against dangerous foreign counterfeits and other fraudulent imports," he said.

Dingell urged retailers to join in the battle against counterfeiters by purchasing products from "reputable importers" and reporting any incidents of suspected counterfeit goods. The subcommittee's report recommended approval of the Trademark Counterfeiting Act, pending in the House, that would toughen the penalties for manufacturing, selling or distributing merchandise bearing counterfeit labels or trademarks.

It also called for passage of the Semiconductor Chip Protection Act, now pending before the House Judiciary Committee. The measure would extend copyright law to protect the design of semiconductor chips.

"Personal computers and video games are examples of products whose copyrights are imbedded in the operating software incorporated in silicon chips," the subcommittee's reports noted. "Apple Computer and several American videogame manufacturers have been the victims of foreign pirates that have copied their operational programs and sold or attempted to sell their counterfeit products in the U.S."

It noted that schemes used to evade U.S. Customs seizure of counterfeits have become "increasingly sophisticated."

Customs regulations, the report said, should be updated to address these new problems. It also said customs should seize and destroy all computer components and other goods that are "clearly intended to be

assembled into products" that violate copyrights of others.

The Trademark Counterfeiting Act has been opposed by discounters, including the Association of General Merchandise Chains and catalog showroom operators in general.

They contend that it places a presumption of guilt on the retailer and that provisions could enable manufacturers to discover alternative sources of merchandise used by the discounter.

"I don't know why a responsible discounter would be distressed about this legislation," said Dingell.

"Reputable retailers and wholesalers support it. They don't want to be liable for the action of some sleazy importer."

Richard Kelly, counsel to the National Association of Catalog Showroom Merchandisers (NACSM), argued that while the bills have been somewhat improved, NACSM still has problems with them.

"They leave substantial room for the retailer to be harassed to find out the source of his goods and to artificially maintain prices," he contended.

However, Kelly agreed that Dingell's subcommittee report and the ITC report will increase the impetus for approval of the legislation by Congress. A bill will most likely be passed, he said.

"We oppose counterfeiting," the lobbyist said. "We just want to be treated fairly."

The ITC's staff conducted telephone interviews with 50 major retailing firms and two trade associations during the course of its investigation.

In most instances, the ITC said, the retailer contacted the legitimate trademark holder or manufacturer and assisted in tracking down the counterfeiters.

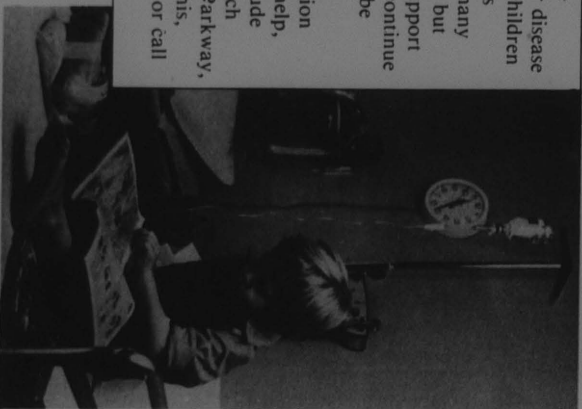
"Those retailers actively guarding against the purchase of counterfeits buy merchandise only from reputable vendors and rely on their buyers' training and product knowledge to

(Continued on page 82)

Cancer isn't just a grown-up disease.

Cancer is the number one killer disease of thousands of children each year. Time is running out for many of these children, but with your your support the research can continue and the cure will be found.

For information on how you can help, please write St. Jude Children's Research Hospital, 505 N. Parkway, Box 3704, Memphis, Tennessee 38103, or call 1-800-238-9100.



Danny Thomas, Founder

ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Software manufacturers aim to solve retailers' packaging-size problems

(Continued from page 15)

cern of several display manufacturers. A modular design by Segia Systems compresses "38 ft. of software into 40 in. of space," Brawley said. The display holds various package sizes in modular cases that let customers read both sides of the box while the software is kept safely locked up.

"We're aiming to solve problems for retailers who do not have the level of expertise of a ComputerLand," Brawley said.

A similar solution to the package size problem is being offered by Deijon, Inc. The company manufactures a wall unit similar to the kind often used to display posters. Each "page" of the hinged unit is made up of plastic containers which hold one package of software.

Deijon's newest display system, Pockettes, provides a different answer to the size dilemma. The plastic molded units, designed to be mounted on pegboard or slatwall, can be easily adjusted to any size package.

Besides their flexibility, Pockettes are a vast improvement over hooks or other devices which can tear packages, said Deijon's director of marketing

Brian Loney.

Mass merchandisers, faced with growing requests from customers to look at software documentation before they buy it, can appreciate the Pre Vu Pak introduced by Best Impressions Corp. This packaging permits customers to get an advanced peak at the software while keeping it clean and dust-free.

"The Pre Vu Pak has a ring or stitched binding," said president John Hice. This comes as the result of a survey of "low-support" retailers that determined that more stores would be willing to carry software "if it could be displayed like library books."

Where is all this heading? How about a software supermarket? A number of vendors interviewed at Softcon used a grocery analogy when talking about the future of software retailing.

"I want consumers to be able to walk into a store, identify my package, read it, find out all he needs to know and pay for it. Just like a box of corn flakes," one vendor said.

"It's just a matter of time," before the industry sets some sort of packaging standards, said another. "Retailers will insist on it."

NEWSLINES COM- PUTERS

WEST CHESTER, PA—Going after the PC market, Commodore International Ltd. unveiled a portable computer that will include 256,000 characters of information and will be priced lower than the IBM PC, Commodore said. The price is about \$3,100. The product, introduced at a trade show in West Germany last month, is a 16-bit, microprocessor-based system which includes built-in dual floppy disk drives for storing information and internal memory for 256,000 pieces of data. Optional hard disks and printers will also be available for the computer. In addition, Commodore introduced an inexpensive computer called the Commodore 16, which holds 16,000 pieces of information and is expected to sell for only \$100. The new computer will be at a price point that other manufacturers such as Timex and Texas Instruments have abandoned. It will also be significantly limited in power compared with current competitors. Also unveiled at the show were four printers for Commodore's VIC 20, 64 and soon-to-be available model 264 computers, as well as a new light pen, a mouselike pointing device and a screen that operates by touch, all for the 264. Commodore said those home-oriented products will come out in the second half of the year.

NEW YORK—Touch pads in, other alternative input devices out, indicated Robert Ransom, president of Chalk Board Inc., an Atlanta-based manufacturer that specializes in making touch pads as replacements for the conventional keyboard. Speaking at a home computer and software seminar here last month, Ransom said there were faults and benefits to the mouse, light pen, digitizer tablet, touch pad and voice response devices, but that the low cost and user friendliness of touch pads made it the preferable choice among the products. "This type of technique for the next two to three years will be significant. A touch tablet will permit someone not to deal with a keyboard," he noted.



Aquarius II package
is now available through Cezar

NEW YORK—Aquarius is back, thanks to Cezar Marketing, Ltd. The Sunnyvale, CA-based electronics manufacturer joined forces with Radofin Electronics (Far East) Ltd. of Hong Kong, which will make the computer product line. "Radofin is producing the Aquarius computers in accordance with the rigid MIL 105D specifications and follows AQL procedures which assure us, our distributors and sales representatives, and the consumer of top quality merchandise," company president O.J. Patti said at a New York press conference last month. "Equally important is the fact that the Aquarius II expandable computer system is not only affordable, but is designed for everyone from the novice to the computer-knowledgeable individual."

Four different Aquarius II bundled packages will be sold for prices ranging from \$299.95 to \$599.95. The basic package includes an extended Microsoft Basic Programming Language, programming, tutorial and operating manuals, while the high-end Aquarius II Financial Package features an expander with two hand controllers and a thermal printer. Patti said Cezar will begin shipping 25,000 units per month beginning in June, and that retailers should average 33 percent gross margins on the products.

NEW YORK—"Videogames are here to stay," declared Interphase president Stephen Willey, who was in town last month to introduce his company's latest software line. Some of the new titles are Viking Raider and Blockade Runner, which will be used on the Commodore 64; Aquattack, Blockade Runner, Squish 'Em and Sewer Sam for the ColecoVision and Adam formats.

Viking Raider incorporates animated graphics and interactive text in a cartridge/diskette format which Willey said would discourage software piracy. The game unveils Leif, a patriotic Viking who must save the kingdom of Navay from Smoth, the evil ogre. Blockade Runner is a first-person space game with 3-D graphics. The Commodore 64 version will be available in cartridge format in June. In the game, the player is the commander of a merchant space freighter with the object of the game being to transport essential supplies to the home planet.

NEW YORK—Fisher-Price software? Retailers will begin receiving product sometime this summer, thanks to a licensing agreement between the toy industry giant and Spinnaker Software of Cambridge, MA. Spinnaker will create, produce, distribute and market the new line of software, aimed at the children's educational market. "Their (Fisher-Price's) brand awareness plus our expertise in educational software is a combination that will be difficult to beat," said Spinnaker chairman Bill Bowman last month at a press conference here.

Fisher-Price Learning Software, as it will be called, will be divided into two age groups—three to eight and eight to 12—and five subject areas: math, language, creativity, learning skills and computer literacy. The line will be available in cartridge format for the Commodore 64, Atari, Adam and ColecoVision computers. The Spinnaker name will not appear on the packages. Bowman said the product will be sold through discount, toy, department and consumer specialty stores. The software will be introduced at the June Consumer Electronics Show in Chicago. Initial July shipments will cover the full range of learning categories in both groups, he added. Bowman would not reveal product prices, but did say that Fisher-Price has final approval on all software.

In a related announcement, Spinnaker said approximately half of its sales representatives would be replaced. A Spinnaker spokesperson said the company evaluated their current rep firms in terms of size and their relationships with mass merchandisers and markets and found them lacking. Spinnaker's own sales force will now handle that portion of the company's business. The decision was effective immediately.



Random House names Singer
director of marketing and sales

MANAGEMENT MOVES—Robert Singer was named director of marketing and sales for the Electronic Publishing Div. of Random House and will direct the launch of home computer software. At Comdial, Donald Walker has been named president of American Phone Centers, a wholly owned subsidiary of Comdial Corp. Walker was previously merchandising manager of Telephone Center Store Concepts for Radio Shack, Dallas. In another move, Comdial appointed David Boland an officer of the company. Boland, until recently a branch manager for AT&T in New York, will become a vice president and be responsible for advanced product planning. Thomas Measday was named vice president, marketing and sales, for Avant-Garde Creations, Inc. He plans to expand the company's education and personal productivity software distribution channels. At Wico Corp., Ron Ryan has been named director of marketing and sales for the company's consumer products division. Ryan was formerly Midwest sales manager for Spinnaker Software. At Spinnaker, Priscilla Seuss has been promoted from director of sales to vice president of sales. E. Floyd Kvamme, Apple Computer, Inc.'s executive vice president for marketing and sales, resigned, effective March 16. Apple did not detail Kvamme's future plans.

COMPUTER PRODUCTS

Brother unveils small printer with selectable line spacing

PISCATAWAY, NJ—Briefcase-size dot matrix printer from Brother International Corp. comes with dual Centronic parallel or RS-232C serial interface. Model HR-5 is compatible with most home, personal and business computers.

The printer weighs 3½ lbs. and stands 2½ inches high. A nine-by-nine dot matrix output can print out text bidirectionally and graphs and charts

unidirectionally and on ordinary or thermal paper.

Other features include 30-cps print speed, one-sixth in. and one-ninth in. selectable line spacing, full 80-column printout and cut-sheet or roll paper feed systems.

The printer operates on batteries. It also functions with an optional AC adaptor.

Brother International Corp., Eight



Brother HR-5 printer

Corporate Pl., M, Piscataway, NJ 08854.

Smith-Corona shows multi-pitch printer

NEW CANAAN, CT—A letter-quality printer featuring multiple pitch capability and bi-directional printing was introduced by Smith-Corona. The TP-11 Plus offers RS-232 Serial and Centronics Parallel interface ports; capability to handle X-on/X-off and hardware handshake protocol; self-test switch to check printer operating condition and automatic underscore and carriage return.

Programmable margins and tab positions allow the user to set and release the margin and tab positions under the program control.

Ribbon cassettes and printwheels for the computer are easy to change. An operating manual is included. Suggested retail price for the TP-II Plus is \$645. An optional tractor feed attachment is priced at \$149.

Smith-Corona, 65 Locust Ave., M, New Canaan, CT 06840.



TP-11 Plus printer



FlipTrack audiocassette course

Audiocassette gives lessons in six hours

GLEN ELLYN, IL—"How to Operate Your Computer Under CP/M-86" is the title of an audiocassette course that provides a complete hands-on lesson in six hours, said FlipTrack Learning Systems.

In three audiocassette lessons of about two hours each, the learner is guided through the most common CP/M-86 commands for formatting and copying diskettes, copying and erasing individual files, creating and editing documents and using batch processing to run a series of application programs.

Lessons will support any computer capable of running Digital Research's CP/M-86 operating system, said the firm. The course includes a printed Operator's Guide listing the special CP/M-86 characteristics of a dozen popular computer brands, including IBM, DEC, Televideo and Texas Instruments. The guide is also a fully indexed reference to the key ideas and procedures of the course, and is packaged with the tapes in a vinyl binder for \$75.

FlipTrack Learning Systems, 999 Main, Suite 200, M, Glen Ellyn, IL 60137.

Digital Devices home computer cable links Atari units with printer models

ATLANTA, GA—Ape-Face cables from Digital Devices Corp. makes Atari home computers compatible with standard printers without an interface. Cables can be used with Epson, Okidata, Centronics and other parallel-style printers.

The 48P cable works with the Atari 400 and 800 computers only, while the XLP cable is for all Atari computers including the XL line. Suggested retail price for either model is \$89.95.

Digital Devices Corp., 151 Sixth St., Ste. 127, O'Keefe Bldg., M, Atlanta, GA 30313.

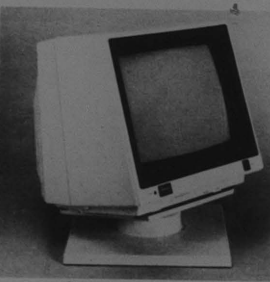


Apeface cable interface

Sakata displays monitor stand in neutral color

ELK GROVE VILLAGE, IL—Stand-by Sakata is designed to fit various color display monitors. Unit tilts up, down and swivels right and left to 90 degrees. Made of polystyrene in a neutral color, the unit is compatible with Sakata color monitors SC-100, SC-200 and SC-300.

Sakata U.S.A. Corp., 651 Bonnie Lane, M, Elk Grove Village, IL 60007.



Sakata monitor stand

Synetix shows two animation cards

REDMOND, WA—Two additional versions of the sprite animation peripheral card for Apple computers are available from Syntex, Inc. The Sprite I retails for \$149, including software. The Apple user, via the keyboard, can define, assemble and move sprites for fast action games or educational programs. Sprite II, \$249 retail, adds a sound generator, speaker and software for programming realistic sound effects synchronized to the sprite action.

Sprite boards feature a multiplane graphics system whereby each sprite occupies space on a separate video plane and can move freely in front of or behind another sprite, said the firm. Up to 32 sprites can occupy the screen simultaneously.

The software that is packaged with Sprite I and II gives the user the ability to assemble sprites and program their movement. Because sound generation is independent of sprite generation, sound effects can be truly synchronized to the animation, according to the firm.

Synetix, Inc., 10635 NE 38th Pl., M, Kirkland, WA 98033.

Hewlett-Packard ink-jet portable printer is compatible with IBM, Apple, others

CUPERTINO, CA—The HP 2225 ink-jet printer for personal computers features quiet operation and is priced under \$600. The fully portable printer may be used with portable or desk-top personal computers from Hewlett-Packard, IBM, Apple, Compaq, Texas Instruments and others. Appropriate interfaces are required to make printer compatible with the units.

The HP 2225 combines the print-head with the ink reservoir in one disposable unit. Ink depleted car-

tridges are replaced with a full cartridge and new printhead for less than \$10.

Other features include 150 cps print speed; 11 X 12 dot-matrix characters; multiple print sizes; bold and underline that do not slow the printing process; 11 other languages unsupported; 500-page average ink-cartridge life; tractor and friction paper feed, and full graphics capability for charts and graphs.

Any paper may be used with the



HP 2225 ink-jet printer

printer, although the best print quality is on ink-jet paper.

Hewlett-Packard, 1820 Embarcadero Road, M, Palo Alto, CA 94303.

Suncom offers Adam controller

CHICAGO—The Joy-Sensor is a new controller for ColecoVision. Designed for use with the Adam as well, model CSR features a round-direction sensor panel and dual firing sensors. Also available is a center positioned rapid fire sensor surface. Suggested retail is \$39.95.

Suncom, Inc., 650 Anthony Trail, M, Northbrook, IL 60062.

Atari software book rates manufacturer's programs

LOS ANGELES—"The Book of Atari Software 1984" reviews, rates and summarizes a variety of programs for all of Atari's line of home/personal computers. Suggested retail price is \$19.95.

A summary of each program is included with the ratings.

The Book Co., 11223 S. Hindry Ave., M, Los Angeles, CA 90045.

VIDEO & AUDIO

In This Section:
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 New Releases 40
 Top 50
 In Prerecorded Video 40
 Products 48,50

Platt Music employs a fashion approach to merchandising consumer electronics

By Stephanie Flory, sr. assoc. ed.

TORRANCE, CA—By using a fashion approach to merchandising and advertising consumer electronics, Platt Music has been riding a wave of success. Presently the firm leases space for electronics sections in 109 department stores, including the May Co., Marshall Field and Diamond's.

Last year, the concessionaire enjoyed its best year ever. According to executive vice president Gary Tobey, "The average electronics department leased by Platt Music generates triple the volume of an owned electronics section."

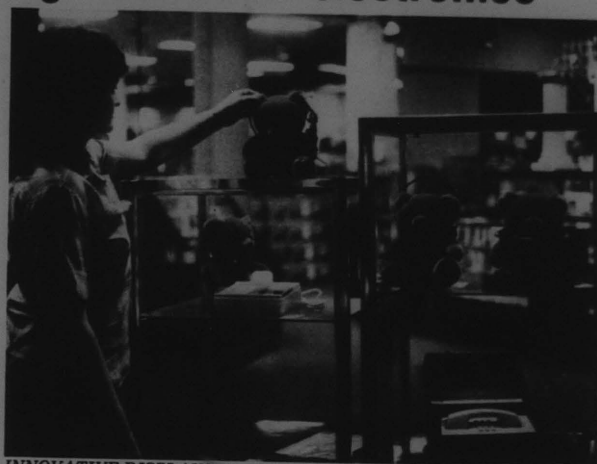
Platt Music's electronics departments specialize in offering "the newest and hottest electronics," using a "narrow and deep" approach in stocking them.

The leased electronics departments are run by three self-contained regional divisions. An eastern division is now being set up to serve the 14 departments that will make their debut in Bloomingdale's this month and next. Each regional division contains 70,000 to 100,000 sq. ft. of space for warehousing, buying offices, advertising departments and training facilities.

While each regional division is committed to carrying certain lines of products, different product mixes can be used to suit individual department's needs. "Flexibility is imperative to obtain maximum profitability," Tobey declared.

Fashion merchandising works

To create excitement in its departments, Platt Music takes a "fashion" approach to merchandising electronics. "With a category like ready-to-wear, the fashion element is intrinsic to the category. But fashionable displays can also be used to create an exciting atmosphere for selling electronics," Tobey said.



INNOVATIVE DISPLAYS adorn Platt Music's leased electronics departments. Highlighted here are headphones, imaginatively placed on cuddly teddy bears. The display is in the May Co., Torrance, CA.

For example, Platt Music's leased department in Marshall Field uses continuous neon tubes mounted on the ceiling coupled with a shiny black pathway on the floor to direct patrons through various product categories. A futuristic motif is employed throughout the department.

New products that hit the market, such as CD players and Beta HiFi, are given prominent play in individual point-of-sale displays. "Salespeople are also very knowledgeable about how these products work," Tobey pointed out.

This summer, Platt Music is banking on a strong VCR business to generate volume. The operation plans to carry eight-mm video when it is available.

The firm stocked RCA's CED video-

disc players in its departments, but does not carry laser units. "I'm sad in a way, that RCA is halting production of the CED format," Tobey mused. "I thought that it could pull it up and make it sell because the firm had put so much work into promoting it."

Platt Music's departments stock audio lines of Fisher, Sony, Pioneer and JVC. Video products by Toshiba, Mitsubishi, RCA, Zenith and Sony are also available. The firm carries phones by AT&T, Uniden and Code-A-Phone. "We used to carry Phone-Mate before it left the business," he said.

Computers by Apple, Atari and Commodore are carried by one or two stores in each regional division.

(Continued on page 46)

RCA drops CED players but will provide software

By Lee Rath, editor, and

Debbie Rosenblum, field editor

NEW YORK—Retailers of CED videodiscs can expect business as usual even though RCA has announced it is phasing out manufacturing and marketing of the videodisc players.

RCA itself will continue to press and distribute discs for "as long as the demand for them remains reasonable," at least three years. And the studios have told *Merchandising* that they, too, expect to continue releasing titles in the CED format as long as the business proves viable.

In addition, RCA will continue actively promoting the software, even increasing its efforts to assure consumers that they will be able to buy all the software they desire.

Nevertheless, retailers' reaction to the RCA move varied widely. Dealers expressed everything from relief to understanding to anger at the action.

Support will remain

An instant after RCA announced it was exiting the CED hardware business, it rushed to assure its distributors, retailers and customers that it would not abandon the software side

—at least not in the foreseeable future.

In his announcement of the board's decision to phase out the player, chairman Thornton Bradshaw emphasized that RCA will continue to press and distribute the discs themselves.

And the next day, group vice president Jack Sauter told the press that the company would continue pressing discs for at least three years, or as long as demand remains reasonable. "I would think one million units per year would be a meaningful level," he added.

In addition, Sauter said, RCA would continue national advertising and offering co-op ad money, supplementary advertising dollars, preview discs and other merchandising aids. "All point-of-sale programs will be continued—even upgraded—to assure consumers that we will continue to press discs."

Part of this upgrading program will include the publication of an industry-wide catalog highlighting \$19.98 CED discs and the launching of a newsletter. It will be sent to all CED player owners who can be located and will announce new titles, also on an industrywide basis.

And retailers who want to cut back their marketing efforts will be given the opportunity to place their customers on a direct order basis from RCA.

RCA plans to do everything it can to make the transition an easy one. "Some individual cases will require attention," said Sauter. "Our distributors are important resources here. They have the ability to work with individual cases and keep our credibility strong."

"I don't think anyone will be dislocated by the move," he said.

Remaining players will sell fast

In early April, there were probably 40,000 videodisc players in the hands of RCA distributors, 12,000 in the factory and fewer than 20,000 at the retail level. "At the current sales rate, they won't last too long," said Sauter, who added that the units were selling at a seasonally adjusted rate of 401,000 players per year.

"We expect players eventually will top off at 700,000 units in use," he concluded.

Although RCA's decision came as a disappointment to third-party suppliers of prerecorded material most of

(Continued on page 47)

Demand for CED software will continue, suppliers say

(Continued from page 37)

those contacted said they would continue to release titles. But, as Reg Childs, president of distribution for Embassy Home Entertainment, pointed out, "RCA can't be faulted. They tried everything they could."

He said he sees software demand holding because of the substantial number of machines already in consumers' hands. "They make lousy hair dryers," he quipped. "There's nothing you can do with them but play discs."

Not surprisingly, Embassy is anxious to see what happens in the marketplace. "We're trying to decide what to do for the rest of the year," Childs said. In the meantime, it has chosen to continue shipping discs, but "we're suspending any new titles other than those that we've already accepted."

Tim Clott, vice president and general manager, Paramount Home Video, said, "We're going to let the dust settle before we make any hard and fast decisions." Still, he anticipates that after distributors and dealers evaluate the business, there will indeed be a market for the discs. "So I think we will continue to make product available, although on a very conservative basis."

Displaying dismay over RCA's move was Saul Melnick, vice president of sales, home video division, MGM/UA. "We're disappointed," he said. "What RCA has done really requires (us) to look at what our options are. Where part of the confusion will be is in the distribution network. Nobody knows if all the CED distributors are going to remain CED distributors."

But like the others, he acknowledged that if the business remains viable, "we'll continue to make discs. We feel those people who have machines are entitled to get software."

Karl Video Corp. will be watching distributor orders very closely, according to Court Shannon, vice president of marketing. "If the orders on certain titles are substantial enough to warrant pressing on CED, we'll go ahead. If not, we won't. Of course, it's going to take some time to find out."

"Everything in CED discs is on

hold until we hear from RCA and know if we can proceed in a risk-free environment," said Richard Fried, director of marketing, Walt Disney Home Video.

CBS/Fox Video and, of course, RCA/Columbia both said they would continue to release titles on CED discs as long as there is a viable market. Vestron Video and Warner Home Video both declined comment until they could evaluate the situation.

Only Media Home Entertainment, which has been trying to decide for the past two years whether to enter the business, seemed unaffected. "We haven't felt it's profitable enough, and therefore haven't entered the market," explained Paul Culberg, vice president of sales and marketing.

Retailers react

On the retail side, dealers expressed a number of different reactions.

"I'm sad in a way that RCA is halting production of its players," said Gary Tobey, executive vice president, Platt Music, Torrance, CA, in a recent interview with a *Merchandising* editor (see related story on page 37). "I thought RCA could pull it up and make it work, because the firm put so much into promoting it."

Jack Messer, president of The Video Store, Cincinnati, said he was only surprised RCA had not made the move earlier.

He also said he expects prices will go down dramatically, to \$159 for a basic and \$200 for a stereo model with virtually all discs at \$19.95. As a result, Messer expects to see an initial rush to buy—much like when Texas Instruments quit manufacturing its 99/4A computer a few months ago.

For the most part, he pointed out, consumers are not aware that RCA is abdicating its position in CED.

Gail Pierce, owner of Video Exchange, Brandon, FL, agreed. "People don't realize what's happened yet," she said. "One article in the paper isn't enough."

She said she will continue selling discs "as long as there's a demand. I still sell Odyssey videogame cartridges."

Nevertheless, Pierce was never a big fan of CED. "I have a clear



CONSUMERS AREN'T AWARE that RCA is abdicating its position in CED, retailers say. Many suppliers will continue to press software as long as the category is viable.

conscience. I never sold one CED player," she said.

Pierce has opted instead for the laserdisc format. But now, she fears, it may be affected by the RCA move. "People may be wary of the format."

RCA said it decided to stop manufacturing the three-year-old videodisc player simply because it was not selling enough units at the right price to make the endeavor profitable. And it did not anticipate reaching profitability for many years.

Sauter said reasons include:

1. RCA's being virtually alone in

the market, trying to tackle single-handedly the job of raising consumer awareness.

2. Underestimating the acceptance of VCR's and the swift drop of the product's price points.

3. Rapid acceptance and low prices of prerecorded tapes.

4. And missed opportunities. CED, he said, would have been a great medium for video music. But RCA could not move into the market fast enough. "If Michael Jackson had been here a year or two earlier..." he mused.

Push CD players, software heavily

(Continued from page 44)

become something they allocate as part of their budget."

For the most part, consumers are aware of the new format. "In this area," Dickson pointed out, "just about everybody has heard of the compact disc as a new type of record which, if you drop or scratch it, doesn't pop or click and the fidelity is infinitely better than an LP or tape."

Nevertheless, he relies heavily on his own devices to be sure. At the front of the store behind the counter is a player and next to that are CD's which Dick-

son has broken out of the packs. "My intention is that they're the first things people see when they come in to the store."

Another key factor has been the store's five-minute presentation. "The fact that you can play the disc without in any way altering it or putting any wear on it has enabled me to really build sales," Dickson said.

"I take out a disc and let the customer hold it before I play it. Putting something in someone's hand is the greatest sales tool in the world," Dickson maintained.

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NEW CES PRODUCTS FUEL THE BOOM IN CONSUMER ELECTRONICS SALES

**Robots: the ultimate home computers
Is shop-at-home retailers' friend or foe?
Consumers upgrade to multi-featured phones
Sophistication, stereo mark video intros**

**Shaping a stronger image for major appliances
Retailers react to high tech in personal care**

TRENDINGS IN COMPUTERS

Price and function will limit future personal robot sales

The other day while I was in Paramus visiting Bamberger's I ran into an old friend. Not of the human variety, mind you, but an object that many think will eventually replace humans in certain areas.

The piece of technology in question? A personal robot. The name of the robot I encountered? Topo II.

Now Topo is not to be confused with its industrial brothers that have helped make Lee Iacocca a media celebrity by contributing to the remarkable turnaround of the Chrysler Corp.

Topo is a personal robot, part of the second generation of robots that were the reason why about 500 interested journalists, including yours truly, manufacturers, software representatives and others tramped to Albuquerque in mid-April. The occasion was the first International Personal Robot Congress & Exposition held there.

The thinking behind the show, as far as I could surmise, was to gather all those people with a vested interest (i.e., to make big bucks) in the personal robotics field under one roof.

There was only one problem. Permit me to switch you back to Bamberger's for a minute. While I was busy interviewing some chain executives about computers, I saw out of the corner of my eye a middle-aged woman have her first meeting with Topo. The machine dutifully went up and introduced itself and then asked her to say her name, which she did. Then she, suitably mesmerized, asked the demonstrator, "What does it do?"

That's the same question that many of us who arrived in the Southwest inquired about the robots nearly as soon as we began walking the exhibit area.

Because if all those manufacturers and salesmen kept saying things like "we want to get in on the ground floor" and "this industry has a chance to be bigger than the home computer market in a while," then these little beauties must be capable of some revolutionary tasks. Right?

Well, perhaps, but not right now. For all that Topo and his competitors can do now is bring its owner a beer from the fridge, greet guests at presumably posh dinner parties and other mundane tasks. One other thing—the robots I saw at the show all retailed for more than \$1,000. Now unless you're hiring John Gielgud as your butler, a grand seems a little too steep a price just to get a cold beer or have something say hello to guests.

I mean if I had the \$1,000 I would spend it to have my cold one overlooking the San Francisco Bay from Sausalito.

The issue here, as it is in most cases of future applications of current technology, is price vs. services rendered. During a business opportunities seminar, Bruce Sanchez, president of New Tech Promotions and personal robot consultant, said he thought he had the robot market all figured out.

"We thought rich people would buy them. They're expensive right? So who do you sell them to?—people with money," Sanchez said, adding that it didn't work out that way.

Well, if you can't sell them to rich people, and the rest of us can't afford them, where is all this growth going

to come from? The answer lies in educational uses, some manufacturers asserted.

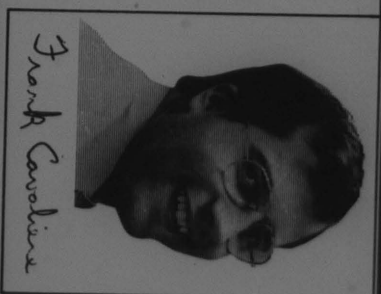
But the whole idea of the conference was to focus on the robot's viability as a mass market item. Sanchez said he thought prices would have to come down into the \$300 to \$500 range before they really begin to move.

Granted, a lot more limited-function robots will sell at \$300 than \$1,000. But future personal robots will have to do the so-called drudgery

tasks, such as vacuuming, washing windows and walking the dog, at a reasonable price before you find them in your local department store.

Many seminar panelists asserted that the technology enabling a robot to do the above chores is already available. But the cost is now prohibitive.

The panelists did not know when they would be able to build affordable personal robots that people would welcome as household helpers. And until they arrive at an answer, the day when Mr. and Mrs. Middle America can bid farewell to washing windows or vacuuming the rugs will be a long way off, if it ever comes at all. I guess we'll even have to keep fetching our own beers.



Frank Carvelina

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Merchandising COMPUTERS



IN THE BEGINNING, there are first-generation robots, such as the Hero I by Heath (left) and the RB5X from RB Robot. Both are marketed for home use and sell for more than \$1,500.

Enthusiasts see robots heading to mass market

By Frank Cavaliere, associate editor
ALBUQUERQUE, NM—Although robots are not quite ready to walk into the mass market yet, the day is coming when retailers of all shapes and sizes will be offering them.

That was the word, as delivered at the first International Personal Robot Congress and Exposition held here recently.

In a seminar on business opportunities, panelists ranged from the optimistic to the bearish on the mass market's near-term role in robot retailing.

But nevertheless, most agreed, the future lies in the same dealers who are now selling TV's and computers offering robots to the home market.

"I'm somewhat bearish," said Douglas Bonham, director of Heath-

kit/Zenith Educational Systems for the Heath Co. (Zenith is Heath's parent company.)

The robot enthusiast predicted that by December of 1985 most of the current companies involved in the business will no longer exist. He also said the first limited use domestic robot will be introduced by that time, and predicted that by the year 2000 the three major companies making personal robots will be General Electric, White-Westinghouse and a company that doesn't even exist yet.

In order for robots to make a serious dent in the American marketplace they must be self-contained, according to Jean-Michel Gabet, chairman of the Redwood City, CA-based Cosma International. The firm specializes in high technology and electronics.

"The key thing is to make sure that robots are not dependent on external computers to do things. Robots must have plug-in software. Then they can be turned into an appliance which is just as reliable as a refrigerator," he said.

Gabet disagreed to a slight degree with Bonham, stating that retail opportunities exist now. "Clearly the business is there, because the concept is pre-sold and has been for a number

(Continued on page 76)

Future Computing sees it coming:

Services turn computers into 'appliances'

By Debbie Rosenblum, field editor
SAN FRANCISCO—Communications. Transactions. Home information services. Videotex. These were the factors speakers cited at Future Computing's recent Home Computer Software Market Forum that will make the home computer an appliance in almost every American household. And that explosive growth will begin occurring, they predicted, as early as next year.

Meanwhile, electronic distribution may also be something for the future. Its current status, one of uncertainty, will probably remain throughout 1984.

Next up

At the end of 1983, productivity software became a predominant driving force behind consumer purchases of home computers. According to Tricia Parks, vice president of the consumer group, Future Computing, it will continue to "be the prime motivator for buying these machines. But we believe the next big wave of growth is going to be communications and transactions."

She continued, "The next kind of consumer we believe we're going to

see is a transaction-oriented one—the person who wants to do home banking, teleshopping, etc. Once they're in the market, they will use some of the other things that are available."

John Reese, president, Tronix Publishing, was in total agreement. "My

view is that '82 was the year of recreational software, '83 the year of educational software, '84 home management software and '85 will be the kickoff for transactional services. I believe the home computer is going to

(Continued on page 79)

Apple promotion highlights event at Bamberger's

By Frank Cavaliere, associate editor

PARAMUS, NJ—It isn't every day that Bamberger's holds a special event in its computer department. In fact the last time such a promotion was held was five months ago, when the R.H. Macy & Co., Inc., division held a Scholastic Fare, designed to introduce new software titles being unveiled by Scholastic, Inc.

Bamberger's microcomputer buyer Jack Davis and merchandise administrator, electronics division, David Goldberg remembered the success of their last event, and sought to repeat it by holding what the public relations

(Continued on page 72)



DRAWING BUFFS and the curious alike, Bamberger's hosted an Apple Day festival at its Paramus, NJ, store.



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broad market appeal arrives with games like *H.E.R.O.*, *Zenji*, and *Beamrider*.

Marketing support is no game. We back our work with the kinds of programs that bring customers into your store. Solid support that includes network, cable, spot and syndicated television. Campaigns in mass circulation and special interest magazines like *TV Guide*, *People*, *Compute!*, *Electronic Games* and *Enter*. Plus promotional information mailed directly to a large and loyal group of your customers.

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The only kind of games we want to play.

ACTIVISION.

Enclosed rooms boost higher-ticket sales

(Continued from page 72)

tant factors.

Level I units feature adjacent workstations where programming-ready Commodore 64 computers and Atari-series units are set up so that a customer can use the machines before making a purchase. The more sophisticated, though similar, Level II areas are located in separate areas called Computer Centers, which can be entered through a glass door located in the electronics department.

Inside the center, walled-off work-

stations hold completed IBM, Apple, Epson and Panasonic bundled packages. A separate sales staff is on hand to answer customers' questions while they work on the systems.

Goldberg said the centers were successful enough to warrant their inclusion in four more Bamberger's units in Cherry Hills and Easton town, N.J., and King of Prussia and Allentown, Pa., beginning this spring.

"That's one of our strengths—our salespeople do a good job educating the customer," said Davis. Custo-

mers here in the Garden State Mall unit can choose from Apple IIc, IIe, IIsx and Macintosh systems, IBM's PC, PCjr and PC XT as well as Panasonic and Epson packages.

Price points range from a basic Apple IIe model for \$895 to an IBM PC bundled with a dual drive system and "enough software to get you started" for \$3,500, according to Davis. He added that the average price of an Apple home system is \$1,500.

After-sale support

To ensure that customers return for additional peripherals and software, Davis has instituted a followup sales procedure. Once a month a Bamberger's salesperson calls all customers

who have bought a computer system to check if everything is all right. The customer is also mailed new literature that pertains to his equipment.

Introductory computer literacy classes and BASIC language training seminars are also given, some for a fee. When something does go wrong, repairs can usually be made in the Computer Center by the chain's technicians. In addition to the manufacturer's warranty, Bamberger's offers optional service programs designed to extend the customer's coverage. Davis also asserted that all computer systems are assembled and run before leaving the store.

"For the most part, after we sell, our salespeople make sure our customers come in over and over again. We're committed to educating our customers," Davis said.

Speaking about the entire department, the buyer said one of the few problems he has encountered this year has been consumer resistance to the PCjr. "We have no problems in price point resistance on Apple and IBM products, except for the PCjr," said Davis.

He said the disk drive-equipped unit's price must be under the \$1,000 mark for it to sell briskly. Davis added that Bamberger's would probably begin advertising it for \$895 this month. The three Level II stores had 100 PCjr units in stock that were being sold at a weekly rate of "not very many," Davis conceded.

The model's problems go deeper than price, he asserted. "There are

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isn't enough in today's competitive market. That's why Concorde provides their dealers with the additional support they need to move products out while keeping profit margins up. Our hard hitting media campaigns, plus point of purchase merchandising literature, co-op advertising, market development funds and more, help bring in buyers, not lookers. And Concorde's network of local distributors means the inventory you need is available when you need it, for fewer lost sales.

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than is obtainable with cheaper bronze bushing designs... Heavy duty steel enclosures for durability and rigidly not available with plastic... Optical track zero sensors for quieter operation and more precise head location. And, our electronics are burned in for a full forty-eight hours to ensure performance. It's this kind of exacting attention to detail that allows Concorde to offer the industry's only FULL ONE YEAR OVER WARRANTY. The result? You spend more time selling, less time handling complaints, and your customers stay satisfied.

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POTENTIAL CUSTOMERS are encouraged to operate systems in walled-off Level II workstations which are located in the Computer Center.

problems with the uncomfortable keyboard. "Chiclet" keys just don't make it."

Other problems include the unit's limited software and limited expandability, according to Davis.

No such difficulties exist with the Apple IIe and IIc, however. The buyer said the IIe has been a consistent chainwide best seller, while the IIc could usurp its predecessor's position.

"The IIc's portability is a main selling point. You can hook it to a TV screen while on vacation. Its built-in disk drive makes it a more compact unit, and you don't have to plug in any expansion boards. Also, the price is good. It won't have to come down for the unit to sell," he remarked.

For the future, Davis viewed the computer as a "necessary convenience," meaning that one could live without one—but it would be foolish to do so.

Apple

By Debbie

SAN FRANCISCO OF THE going after before. The sold attend Expo held system is d average per in addition marketing a spring and blitz telling about the ne result, the f at least 40 existing dea

One com chandising

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The IIc is computer.

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The \$1,25 includes a st cling the use supply and hookup to a tor.

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"The Apple demystify the nal compute people. Just opened a wh by being com but compreh IIc is a major personal coar to a far large usable by a f population."

To promou budgeted \$1t for the three- of alone. "j Sculley report of the 34 mill has targeted (mory) will be our campaign

Ads are ap sumer migra Esquire, Mon treated, Nation Yorker and C specialty boo Personal Com page insert v week. People Money and O

In addition, materials are stations in 42 backed by n And four 30-s broadcast dur lile Magnum and 60 Minute such as V.

Apple-Bamberger's effort draws attention to entire category

(Continued from page 71)
department labelled an Apple a Day Festival.

The three-day promotion was held in the chain's showplace unit here early last month in conjunction with Apple Computer, Inc. The joint venture's central purpose was to highlight Apple's new IIc home computer. In addition, the event featured an array of software, from Sesame Street programs through pfs File Management programs, all of which were compatible with the IIc.

No matter how well a promotion is planned and organized, buyer Davis said such events should be saved for a suitable occasion, such as the introduction of a major new product by one of the computer industry's more visible and well-known companies.

"April and May are traditionally slow months, but with the IIc our business will explode," he explained while tending to the exhibit.

"The purpose of the event is to get people into the Computer Center so that they can become more familiar

with computers, and this is a friendly way to do it," remarked Goldberg.

"Many people in the home market don't really know what they can use a computer for, and they ask us," added Davis.

As the curious arrived at the main aisle of the store's lower level, Bamberger's tried its best to entice them to linger awhile. Leggy young ladies handed out the obligatory Apple-imprinted balloons as soon as a potential customer descended the escalator and came into view of the

displays. Promotional brochures describing scheduled events were also available.

Throughout the event, both Apple and store employees explained the business, home and educational applications for the Apple computer series. MicroComputer Cookbook, Mouse Paint, Electronic Music Micro BarMate, Dow Jones News Retrieval and LOGO (the programming language for children) were demonstrated in order to convince viewers of the versatility of various hardware and software programs.

While the Apple a Day event was held to make the unindoctrinated public aware of the joys of computing, it also had a dual purpose—to remind those already familiar with the machines' uses of Bamberger's commitment to the category.

The 23-unit chain operates stores in five states: New York, New Jersey, Delaware, Maryland and Pennsylvania. Corporate headquarters is located in Newark, NJ, where the company operates its flagship store. This flagship unit is not the company's most profitable, however, said Paramus store manager Ray Gutter, claiming his unit is Bamberger's most profitable in terms of annual sales volume.

"It's hard to prove, but we think it's the largest volume suburban department store in the country. We're almost sure of it," he said.

Computers in every store

The chain operates its own computer departments in all stores. Bamberger's stocks what it calls Level I, or home computers that sell for under \$1,000, in all 23 units. Manufacturers in this category include Commodore and Atari.

The chain also merchandises more extensive computer departments in three northern New Jersey locations: at its Livingston and Menlo Park units in addition to the one here. At these stores Level II, or personal/home office computer systems that retail for above the \$1,000 mark, can be found.

Davis explained the decision to merchandise selected products in certain locations as one of demographics. "We didn't want to open Computer Centers in all units, but rather we took a regional approach. We decided on the basis of demographics," he said, hinting that units were chosen on the basis of income level, number of potential customers living a certain distance to the store and other impor-

(Continued on page 74)



GUSDORF.



COLORFUL BALLOONS were just one of the aids enlisted by chain employees to help lure shoppers into Bamberger's Apple Festival.

MERCHANDISING

MERCHANDISING COMPUTERS

Apple IIc introduced amidst West Coast fanfare

By Debbie Rosenblum, field editor
SAN FRANCISCO—With the introduction of the IIc, Apple Computer is going after consumers like never before. The Cupertino, CA, company told attendees at its Apple II Forever Expo held here recently that the system is designed to be used by the average person.

In addition, Apple will outspend marketing giants Coke and Pepsi this spring and summer in an advertising blitz telling 34 million Americans about the new compact computer. The result, the firm hopes, will be sales of at least 400,000 units through its existing dealer network by year's end.

One computer analyst told *Merchandising* that Apple has a good chance of accomplishing its goal. "I think the IIc with its high perceived value and advanced features will help Apple expand its share," said David Lawrence of Montgomery Securities in San Francisco. "What they've done is given a machine a lot of utility and it looks good. It's a handsome, futuristic unit."

The IIc is a 7¼-lb. 128K portable computer. Built into the system's central processing unit is a floppy disk drive that runs about 90 percent of the software developed for the IIe and connections that let the user add several peripherals without interface cards.

The \$1,295 suggested retail also includes a six-course tutorial introducing the user to the system, a power supply and an RF modulator for hookup to a television or other monitor.

The next step

Chairman Steven Jobs said Apple's aim has always been "to make great computers and get them to lots of people. I think the IIc represents the next step in us doing just that."

President John Sculley explained, "The Apple IIc has been designed to demystify the intimidation that personal computers present to so many people. Just as the pocket calculator opened a whole new marketplace not by being comprehensible just to some but comprehensible to all, the Apple IIc is a major leap forward in making personal computing comprehensible to a far larger market and, therefore, usable by a far larger segment of our population."

To promote the IIc, Apple has budgeted \$15 million in advertising for the three-month introductory period alone. "By the end of June," Sculley reported, "virtually every one of the 34 million people (the company has targeted as potential IIc customers) will be reached 20 times with our campaign."

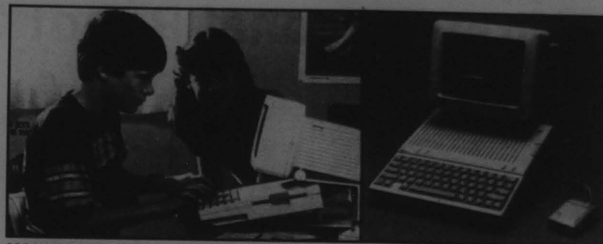
Ads are appearing in general consumer magazines—Time, Newsweek, Esquire, Money, People, Sports Illustrated, National Geographic, The New Yorker and Omni—as well as in 13 specialty books including *Byte* and *Personal Computing*. Also, an eight-page insert will run in Time, Newsweek, People, Sports Illustrated, Money and Omni.

In addition, three 60-second commercials are being aired on radio stations in 42 cities. They are being backed by newspaper advertising. And four 30-second spots are being broadcast during prime time shows like *Magnum P.I.*, *Hill Street Blues* and *60 Minutes* and during specials such as V.

"I hope the message rings loud and clear," Sculley declared, "that we are changing forever the ground rules for competition in the personal computer industry."

Up against jr.

For the time being, Lawrence noted, the IIc's chief competitor is IBM's PCjr. "In that price category today, Apple and IBM are the only players. In six to nine months, however, I think we'll see a number of Japanese machines," he said. "Commodore will be up some in price with its new 264. So it may prosper. But Atari and others could get nailed."



MAKING COMPUTING SIMPLER is Apple's aim in creating the newest addition to its home computer line, the IIc. The 7¼-lb. 128K portable unit will be engraved on the public's consciousness on the strength of a three-month \$15 million advertising budget.

The New Generation of Home Computer Furniture



The New Generation. The next logical step in providing your customers with the styling and features they require to get themselves truly organized. And with exciting finishes, too...almonds, hickorys and solid oak trim...all providing a beautiful, yet rugged piece of furniture specifically designed to accept a computer and its accessories and fit comfortably into any decor.

And, of course, all are designed with that great O'Sullivan quality that customers have relied upon for 30 years.

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Suppliers roll out their creations at first Personal Robot Conference

By Frank Cavaliere, associate editor
ALBUQUERQUE, NM—In this state, where technology took one of its blackest turns with the first successful atomic bomb test, engineers of a different sort gathered recently to herald the coming of another age—one of robotics.

At the three-day International Personal Robot Congress and Exposition held here in mid-April, about 300 interested people discussed the future of the personal robot and home use applications. It was the first meeting solely devoted to the personal robotic industry.

Most of the talk centered on specific tasks current robot models can do, mainly fetching its owner a beer, answering doorbells and similar functions. But manufacturers conceded that future units will have to do more for less, or the expected robot boom won't happen.

As for the somewhat reserved atmosphere found in the show's aisles, one vendor implied that this could be the calm before the storm. "I talked to a colleague who said the first trade show for industrial robots, held in 1962, wasn't very big. Now it takes up three floors of a convention center," he said.

Indeed, for those at the show who were used to the semi-organized chaos that can envelope Chicago's McCormick Place and other large facilities, the first personal robot show proved startlingly small.

There were only three main aisles of software vendors, robot manufacturers and related companies. And anyone was allowed to walk the show (for a \$5 admission charge), lending some observers to remark that the general public seemed to outnumber robotic-related attendees. Congress organizers had hoped 5,000 people would attend the show, but the figure proved optimistic.

Personal computer analogy

Congress attendees called attention to what they said were similarities between the home computer and robot industries. Computers were once unwieldy and expensive, and the American public perceived them as having little real-life applicability.

Robots are now in that phase, vendors said. A mid-priced unit can



ROBOTS MUST DO MORE and cost less, vendors agree, before they can hope to become widely accepted. Nevertheless, most believe they may one day be as common as TV's are today.

sell for \$1,000. And additional pieces, such as a movable arm, are extra. People won't spend that kind of money just to have a beverage brought to them, manufacturers added, so robots may not become a mass market item for a while.

One supplier who said he was pleased with the industry's progress was Myron Kukla, advertising coordinator for the Heath Co., a division of Zenith Electronics Corp.

"We're ecstatic about it. People are really into robotics—students, industrial manufacturers and entrepreneurs," he said. The main object of his enthusiasm is Heath's HERO II, a \$2,200 robot that was introduced to the public in December 1982.

Kukla said Heath has sold about

10,000 robots through 72 company-owned Heath-kit Electronics Stores, which are in the top 40 United States markets and seven Canadian cities.

The typical robot buyer is 30 to 45 years old, earns between \$35,000 and \$70,000 annually and views robots as the next logical step after computers. "About 80 percent of our customers are heavily into computers and the electronics field," Kukla said. "Almost 70 percent of Heath's total robot sales are education-related or for industry."

HERO II is sold without an arm, which is \$800 extra. While the unit will operate without it, the arm gives the unit flexibility, Kukla explained.

Perhaps the most asked question at the congress was "What does it do?" Although audiences watched demon-

strators arrange objects for a robot to retrieve and program a unit to repeat a phrase, many vendors are concerned that the general public would see a robot as nothing more than an expensive toy.

Kukla acknowledged the critics, saying "there isn't going to be a true home robot for 10 to 15 years." By this, he meant a commercially available robot that is capable of many tasks, such as vacuum cleaning, walking the family dog and acting as a night watchman.

Nevertheless, Kukla envisioned the day when the robot would be an integral part of many homes. "With HERO II you can do a lot of things already, including using it as a command center for a home security system. The robot will react to noises and movement inside the home. Eventually, it might even be programmed to use a telephone and dial the police," he maintained.

Kukla expects robots to enter the mass market in some form within

(Continued on page 82)

Robots combine fun, practicality

ALBUQUERQUE, NM—The reasons why consumers buy a certain product are usually clear, but in the case of personal robots that's not always the case.

In a seminar entitled The Future of Personal Robots, speakers involved in one way or another with the industry said people buy units for a variety of reasons. The seminar was part of the initial International Personal Robot Congress and Exposition.

To robot author David Heiserman, the first thing that's important is to have fun with a robot.

But Nelson Winkless III of ABQ Communications emphasized that buyers want some kind of emotional bond. "I think people are buying personal robots because they expect the machine to care about what's going on," he stated. "People want robots because the behavioral characteristics are interesting."

Robot columnist Fred D'Ignazio said robots should be used because they're practical. He said he uses one to wake his five- and eight-year-old children. "Robots have a great emotional appeal and can fit into the family environment. They're also inexpensive, meet a real need and are easy to use," he said.

D'Ignazio echoed Winkless when he said the demand will go beyond the practical and enter into one of emotions. He compared a robot purchase to one of a car, saying the user doesn't operate the unit solely for functionality, but views it as an extension of himself.

"Why are we fascinated with robots anyway? Because they are mirrors of us. The robot that isn't being asked the impossible, i.e. to be a household servant, will be successful," he stressed.

Although the speakers had differing views on why robots will prove popular, they agreed that their use will become widespread. Winkless summarized the meeting when he said "we do not know what we have, and won't for a considerable period of time. But we are on the threshold of a great increase in capacity. There are plenty of things out there that robots can and will be able to do that we know nothing about."

—F.C.

Robots will join the mass market—someday

(Continued from page 71)

of years. Most of the hardware and software for robots is available at reasonable costs," he maintained.

"All of the pieces are there, but the product is not. The problem is the integration of the pieces," Gabot continued. He placed part of the blame on the absence of low-cost production facilities, saying that robots are now just sophisticated toys that retail in the \$1,500 to \$4,000 range.

Needed: usefulness

Gabot was clearly optimistic concerning the robot's future. "I cannot think of any activity by humans that won't be replaced by electronics. Most homes and businesses can use robots. When their usefulness can be demonstrated, then the market will explode,"

he predicted.

Other seminar speakers said an affordably priced robot that does specific tasks is what's needed to turn on retailers.

"People won't come into your store to see a robot," said Bruce Sanchez, president of New Tech Promotions and a personal robot consultant. Potential customers will want to buy one for a particular reason rather than on a whim.

Skip Stevely, president of Androbot, which markets the Topo and B.O.B. personal robots, said he eventually foresees an "indentured servant" type of situation, where the robot will be able to fetch slippers and go to the refrigerator, among other jobs.

"But tasks like vacuuming, walking

the dog, etc. are tougher. What we're trying to develop now is a robot that can perform such functions. Where was Apple before Visicalc?" Stevely asked. "Before a robot tackles any of those tasks you have to have the software."

Educating the public will prove to be one of the most important challenges facing robot vendors, said Peter Matthews, editor of London's Your Robot magazine and a robotic designer and consultant.

"If you're going to talk in big numbers, you've got to sell to the home market. The future lies in the retail end," he said. "The media will have to put across robots in a realistic way. Television has been guilty of portraying robots as being very sophisticated, and they're not."

MERCHANDISING COMPUTERS

'Godfather of robotics,' Asimov sets the rules

ALBUQUERQUE, NM—With all the talk about how advanced future robots will be, some people might worry that the units will eventually replace humans in doing certain tasks. Rest assured, that won't take place, said the prolific science fiction author Isaac Asimov.

"We have the feeling robots will replace workers and cost jobs, that robots will render human beings obsolete, useless. I don't believe this for a minute," he said. "They do not have the same capacity as human beings and never will. Robots are simply mobile computers: metal, silicon chips and electricity."

To lend an even more futuristic aspect to the conference, Asimov spoke from New York via AT&T's Telstar 3 satellite. His image and voice were beamed 22,300 miles into space and bounced back another 22,300 miles to appear on a 10- by 30-ft. screen, allowing Asimov to give the opening address to some 300 personal robot enthusiasts attending the first International Personal Robot Congress and Exposition.

The author of 296 science fiction books over 41 years said he coined the word "robotics" in 1941.

"When I was a kid I read about robots, and they were looked at as artificial human beings, like a Frankenstein. It seemed to me that robots were neither of these two things: evil

or pathetic. They were just machines. So I started to write about robots as machines, with built-in safety measures," he related.

The built-in safety measures are expressed in Asimov's Three Laws of Robotics:

- A robot may not injure a human being, or through inaction, allow a human being to come to harm.

- A robot must obey the orders given it by human beings except where such orders would conflict with the First Law.

- A robot must protect its own existence except where such orders would conflict with the First or Second Law.

Asimov wrote the laws in 1941, while he was still in college. Now, because of his long involvement in the field, he calls himself "the godfather of robotics." But, "My only purpose then was to make some honest money to put myself through college and see my name in print," he told his audience.

Asimov said robots of the future

would be able to replace humans for mundane tasks, but could not duplicate human thinking. "A human being's brain is an extraordinarily complex system. It would be astonishing if a computer or robot could do what a human brain could do," he explained.

"For the next century we will be comparing whether robots are as 'intelligent' as humans," Asimov said, "but the question isn't valid because it is two different types of intelligence."

—F.C.

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Read the **Merchandising:Extra** daily

Bushnell predicts sales in the billions

ALBUQUERQUE, NM—When Nolan Bushnell predicted that the personal robot industry eventually will be six to eight times larger than the \$6 billion personal computer industry, people took notice.

A well-known figure in California's Silicon Valley, he founded both Atari and the Chuck E. Cheese Pizza Time Theatre chain (from which he resigned in February).

Now, Bushnell is clearly excited about personal robots. His latest venture is heading Androbot, Inc., one of the three major personal robot manufacturers.

After acknowledging that robots' ultimate function will be as "slaves," Bushnell added that in the meantime "what America wants are things that are fun. Do you know anyone who owns a dog? Do you know anyone who wishes their dog could speak English?"

"I can't imagine a future without personal robots," he said. In seeking to stress his point, Bushnell asked, "Do you know of anyone who has balanced their checkbook on a personal computer? Conversely, do you know of anyone who would like to have their floors cleaned?"

He said one key to success would be to develop a user-friendly atmosphere that lets the user determine a robot's tasks. "Someone in this room will develop the robotic Visicalc and make a million dollars," he remarked as the audience laughed.

The development of innovative software will hasten the robot's progression from pet to household helper, Bushnell concluded.

—F.C.

TOMY

"If you miss the Robots of Tomy at C.E.S. you should be reprogrammed."

"Chatter, chatter."

"Chirp, chirp!"

Come see the latest in Robots at the CES (Booth #1000, Place West, Lower Level)

MERCHANDISING COMPUTERS

Most retailers polled buy software from local distributor companies

What portion (%) of your software is purchased from each of the following? (Based on 127 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
Local distributor	41.0%	56.6%	48.4%	27.7%
National distributor	33.8	39.1	34.2	35.9
Direct from man.	25.4	12.3	25.4	37.3
Total	100.0%	100.0%	100.0%	100.0%

What portion (%) of your computer software is covered by a stock balancing program? (Based on 106 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
None	53.8%	38.1%	62.3%	45.4%
Less than 25%	9.4	0.0	14.5	4.6
25% to 49%	4.7	4.4	4.9	4.6
50% to 74%	11.3	8.7	11.5	13.6
75% to 99%	7.6	17.4	1.6	13.6
100%	12.2	59.4	4.9	18.2
Total	100.0%	100.0%	100.0%	100.0%

Is your computer software displayed by 'subject' or 'manufacturer'? (Based on 129 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
Subject matter	73.6%	64.0%	78.2%	69.2%
Manufacturer	26.4	36.0	21.8	30.8

What portion (%) of your software is displayed in each of the following ways? (Based on 115 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
Open shelves/tracks	44.1%	22.2%	53.4%	39.4%
Locked cases	37.7	68.9	26.4	37.9
Pop displays	14.9	8.9	17.6	13.1
Other	3.3	0.0	2.6	9.6
Total	100.0%	100.0%	100.0%	100.0%

Which of the following do you use to train employees in selling computer merchandise? (Based on 143 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
Books, literature, manuals	73.4%	63.4%	73.6%	80.0%
Aids from manufacturers	56.7	68.1	55.2	60.0
Aids from distributors	52.4	46.2	54.9	53.3
Charts	44.8	46.2	39.1	60.0
Videotapes	39.9	42.3	39.9	40.0
Other	4.9	9.8	8.9	9.3

By Frank Cavaliere, associate editor
NEW YORK—Where do retailers buy their computer software? As a group, most are turning to local distributors.

But that changes significantly when multi-unit electronics chains are broken out of the group. Most of these stores buy directly from the manufacturer. Apparently, they feel confident enough to go it alone—without the extensive support services provided by either a national or a local distribution company.

These were among the findings detailed in the third and final part of a retailer survey done by *Merchandising*. Part one of findings from the survey ran in the April issue. Part two, which concerned itself with how retailers felt about their relationships with hardware, software and peripheral manufacturers, ran in May. In this, the third part, statistics reveal how retailers buy, stock, display and demonstrate computer products and train employees.

Most widely used method

When asked what portion of their software is purchased from a local distributor, national distributor or directly from a manufacturer, 41 percent of the 127 respondents queried said they used a local distributor. Almost one-third (33.6 percent) said they bought their software from a national distributor, while 25.4 percent said they purchased their merchandise directly from suppliers.

When separated into the mass merchandisers and electronics single-unit and electronics multi-unit categories, the results were slightly changed. The first two store divisions had similar response ratios.

Of mass merchandisers, 56.6 percent of those questioned said they used a local distributor, 39.1 percent a national firm and the remaining 13.3 percent said they bought directly from manufacturers.

Electronics single-unit outlet responses elicited similar results in that 40.4 percent of those asked said they use local distributors. More than one-third, or 34.2 percent, said they used national distributors while the rest (25.4 percent) said they purchased the software directly from vendors.

It was only in the electronics multi-unit area that the findings showed a significant change. The majority, with 37.3 percent, of those multi-unit retailers questioned said they bought directly from manufacturers, followed closely by the 35 percent of those asked who said they used a national distributor. Interestingly, only 27.7 percent said they

Last of a three-part series

used a local distributor.

Retailers were not asked to elaborate on this question, so any conclusions are purely speculative. But the results do seem to suggest that multi-unit electronics units believe that they have a better grasp of merchandising software than their counterparts. They are willing to forego the support provided by distribution firms in order to save money by using the time-consuming method of contacting individual manufacturers.

Retailers were also asked what portion of their computer software was covered by a stock balancing program. Of the 106 respondents, 53.8 percent said that none of their software stock is covered by any such manufacturer credit program.

In each case, be it mass merchandisers, multi- or single-unit electronics outlets, the largest category in terms of percentage was the "none" response. Some 39.1 percent of mass merchandisers said that no part of their stock was covered by a stock balancing program.

The percentage rose a bit when asked of multi-unit electronics merchandisers, with a 45.4 percent of the total saying they didn't have such a program. And it rose to its peak when 62.3 percent of the single-unit electronics retailers said they didn't have a stock balancing program.

Might spell future trouble

The lack of such a retailer/manufacturer agreement could spell trouble. Again, for this question, the survey did not request further remarks, so conclusions cannot be drawn with certainty.

Nevertheless, without such an established program whereby retailers receive credit when agreeing to stock an updated software line while trying to dispose of older, slow-selling or ill-conceived product, the software business might suffer.

As the tricky business of predicting what new software will move becomes even more difficult, retailers may demand such agreements from vendors.

And if they do not receive such programs they might find that stocking software isn't worth the effort.

When retailers do stock software, most of them prefer to group it by subject rather than manufacturer. When asked how their computer software is displayed, 73.6 percent of 129 retailers said they preferred stocking by subject. Those that preferred stocking by manufacturer accounted for 26.4 percent of the total. (The over-100-percent response is due to

(Continued on page 82)

How important are demonstration tapes/videos in selling computer products? (Based on 145 replies)

	All Replies	Mass Mdsers	Electronics Single-Unit	Electronics Multi-Unit
Very	44.2%	48.2%	40.9%	53.9%
Moderately	33.8	18.5	39.0	37.9
Somewhat	19.3	25.9	18.9	14.3
Not at all	11.9	7.4	11.1	14.3
Total	100.0%	100.0%	100.0%	100.0%

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Transactional services boost computer sales

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become an indispensable appliance in the home," he told the audience.

Changing lifestyles will make this a reality. "Basically, time has become, if not the most, one of the most valued commodities in all our lives," Reese pointed out.

"We spend too many hours at work and too many hours getting ready to play or doing what I call the 'I gotta's'—all that committed time," he said. "I gotta go to the bank, for example. Middle-class households and more affluent households are absolutely ready, willing and able to trade some dollars for some time."

Transactional services like electronic banking, electronic shopping and reservation bookings will alleviate some of the time crunch. Plus they will allow people to have greater control over their financial lives.

"You won't get a statement from banks," Reese said. "You'll see it anytime you want and it'll be one day old." In addition to time-placed utility and speed, in many instances, "you get the elimination of the middle person and the privacy and autonomy that a lot of us really want."

He continued, "One of the most important points is the reduction in total cost to the consumer. He'll save money by banking electronically." That's because financial institutions will no longer be subsidizing checking accounts and other transactional costs.

At this stage of the game, however, the typical consumer is indifferent to home information services. "He's as indifferent to this as he was to ATM's (automatic teller machines) in the early '70s," Reese reflected. Of course, ATM's ended up transforming the daily lives of most people. "Many of us are dependent on that machine nowadays."

Another believer in videotex is Steve Case, director of marketing and planning, Control Video Corp. "Home information services will rapidly increase the penetration of home computers," he said. They will "truly ignite the home computer market by satisfying real consumer needs."

Come together

Already the home computer and videotex industries are beginning to converge. "That synergy is what will cause the majority of households to have home computers," he maintained. In essence, that's what it's going to take "to get computers into

60 to 70 percent of all households."

Case also noted the tremendous interest on the part of financial institutions to get into home banking because of the enormous cost savings. Other industries as well will save a bundle by off-loading a variety of tasks onto videotex.

Already on the marketplace are several data bases including Dialog, On Tyme, The Source, Compuserve, Dow Jones, OAG (Official Airline Guide), Newsnet, Quick-Comm and MCI Mail. "These are just some of the services available," noted Julian Olson, sales development manager, Transend Corp.

"Communications is a great reason to buy a personal computer!" he exclaimed. "Communications give you a rare commodity and that's time."

The high rate of modem purchases is proof consumers are turning their interest into demand. "In 1982, about 250,000 Apples were sold," Olson reported. "Of those, only 17 percent went out the door with modems. In 1983, over 500,000 Apples were sold. Interestingly, one out of four went out the door with modems."

Today, 23 percent of all people who have a home computer also have a modem. And "40 percent of those

who don't own a modem plan to buy one," Olson noted.

One of the reasons for the buying spurt is most computer owners now have enough experience to know what to do with the system. "People buy the computer and they buy maybe a couple of games, a spreadsheet, a word processor, data base management. A year, year-and-a-half later," Olson observed, "they buy a modem and communications software. That's what's happening now."

Bruce Davis, president, concurred with the others' assessments. "I see 1985 as the year of telephones

(Continued on page 81)

Dealer friendly.

In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

They'll give you fewer service problems, thanks to the famous Zenith reliability and commitment to quality. Zenith knows video: who can make better monitors than the company that has been making better television sets, over sixty million of them, since 1948?

When it comes to your bottom line, Zenith monitors provide exciting profit opportunities, with generous margins available on every model.

Best of all, Zenith monitors will delight your customers, with advanced features and dazzling graphics that enhance virtually any personal computer. Including Zenith's own exciting IBM-compatible Z-100 PC's.

Find out more about "dealer friendly" monitors by calling 1-800-842-9000, ext. 2, for the name of your nearest Zenith Data Systems distributor.

(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interfaced video applications.



NEXT BIG GROWTH area for computers will be in communications and transactions, asserts Tricia Parks, vice president of Future Computing's consumer group.

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data systems

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NEWSLINES COM- PUTERS

DALLAS—Remember the 99/4A? The Triton Products Company of San Francisco apparently does, because the firm has signed a marketing agreement with Texas Instruments, which stopped production of the unit last October. Triton assumed marketing responsibilities for the TI home computer hardware, software and accessories effective April 1. Triton is providing a toll-free telephone number and mail order sales capability to serve 99/4A owners. The company is also handling sales and product shipments to consumers and future sales to retailers or distributors.

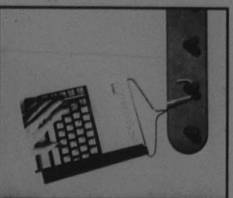
"The agreement with Triton continues our objective of supporting TI-99/4A owners with access to high-quality software and peripherals for their home computers," said Dale Osborn, manager in charge of TI's phaseout of the 99/4A. As part of the agreement, Triton purchased from TI the remaining TI home computer products, finished goods and piece parts except for parts required to support TI's warranty and repair services. In effect, this sale represents TI's final disposition of the unit and its associated software and accessories.

MIDDLETOWN, CT—Behind every successful man there's a woman. So said Dwight Norwood, whose wife started the Neon Software Company, Inc. Norwood, who is board chairman of the Independent Computer Consultants' Association, said his wife Marie constantly complained that there were no uncomplicated software programs written especially for women.

He noted that she needed to do her home budget, have a quick-access filing system, keep track of her checkbook and attend to "other details of her busy life." The result was the development of Neon's Women's Ware home management software line for the IBM PC and PBM PCjr.

Company co-founder Ed Wennerstrand has big plans for the fledgling concern. "We aim to have a software program in almost every area that is of interest to modern women—fashion, sports, diet and nutrition, investments, certain hobbies, etc. Everything will soon be integrated with computers," he explained. "We don't think the industry can overlook this segment any longer and we feel that women are going to be quite influential in the future computer marketplace." He added, "Neon's software has initially been designed to help women organize the everyday details of their modern hectic lifestyle. Our programs have been specially designed for ease of use, function and speed. They are so easy that even a novice can make use of their utility the first time they are used," Wennerstrand stressed.

TULSA, OK—Xante Corp. has filed a Chapter 7 petition of bankruptcy. The maker of electronic delivery software systems for retailers confirmed the action in late April. In confirming the filing, Xante president Roger Collins said the company ran out of money and couldn't find any additional venture capital funds. No additional news was available at press time.



Neon's Women's Ware is now available

NEEDHAM, MA—Leading Edge Products, Inc. announces price cut. Following the announcement from IBM that it will make a version of the Displaywriter Textpack software available for the IBM PC. Leading Edge is reducing the price of its Word Processing to \$200. The change is effective immediately. The new pricing policies for Leading Edge software will lower the prices of all of the current and planned Word Processing software. The Basic Leading Edge Word Processing is now priced at \$200. The Word Processing package with merge print will be at \$250. The unit with spelling will sell for \$275.

MANAGEMENT MOVES—Richard Khaelel has been named president of Scholastic, Inc.'s Software Group, a newly formed division. He will also serve as a corporate vice president. Khaelel joined Scholastic from Wells, Rich, Greene, Inc., a New York-based advertising agency, where he was senior vice president/account group director in charge of the Atari Computer and Software accounts... Precision Software, Inc. has appointed Peter Thomas as executive vice president. Thomas will be responsible for the company's range of consumer products in North America, including Superbase 64, the management and information retrieval system for the Commodore 64 home computer. Precision's Consumer Products Div. markets a personal productivity software line for home computers... John Smuda and Sally Bowman have been named to two newly created executive positions at DesignWare, Inc., a publisher and developer of award-winning educational software for microcomputers. Smuda, appointed vice president of sales, will be responsible for domestic and international sales, including relations with manufacturers' representatives and major mass merchants. Bowman, named director of marketing services, will have responsibility for dealer support, customer service, product packaging, promotion, merchandising and marketing communications efforts for DesignWare... First Star Software, Inc. has named Paul Hodara director, software development. Hodara came to First Star from SpectraVideo, where he held a similar position. His tasks will include working with current and new software designers, researching new technologies and organizing production teams as the company enters new software categories... Alan Kay has joined Apple Computer, Inc. as an Apple Fellow. He will report to Steven Jobs, Apple's co-founder and chairman of the board. Apple Fellows work independently on projects of their own choosing. Previous to his joining Apple, Kay worked as chief scientist at Atari, Inc.... Arthur Munzig has retired as chairman of the board of directors of Computers International, Inc., the firm announced recently. Charles Strauch, the firm's chief executive officer, succeeds Munzig who will remain a director of the company...MAG Software, Inc. has named Stuart Miller to the newly created post of director of direct marketing. Miller will be responsible for extending MAG's telemarketing program and upgrading support for the firm's dealers...Richard Gratton has joined Columbia Data Products as president and chief operating officer. He was formerly vice chairman of the Savin Corp. Columbia manufactures and markets a line of IBM-compatible personal computers.



Scholastic names Khaelel software group president

WHITE PLAINS, NY—A company from heaven? Not quite, but John R. Sansevere and Mercer Mayer have teamed up to form a new software firm with the celestial name of Angelsoft, Inc. The press release announcing the company's creation said the two founders perceived the potential for new forms of software presented by the development of the home computer. "Why not create characters who can 'live' not only on the printed page, but in animated form on the video monitor as well as three-dimensionally as toys? And why wouldn't each as an integrated whole reinforce the entertaining educational experience aimed for?" the release asked.

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Activision's Levy sees a rocky road to profits

By Ken Coach, contributing editor

NEW YORK—It could take until the fall of 1985 for the computer and software industry to return to profitability, according to Activision president Jim Levy, who told a news conference here that the home computer market is a state of disarray.

Levy said his company has just completed belt-tightening moves that will reduce its sales break-even point from \$125 million to \$50 million. The moves included a reduction in inventory, improved cost control and the elimination of more than 100 jobs over the past eight months. The company decided on the drastic measures after going in the red for one quarter last year.

After a year of industry ups and downs which were difficult to forecast, Levy was ready with some predictions for 1984, none of them overly optimistic.

Hardware sales, he said, will decline about 15 to 20 percent, with videogame units the worst hit. Home computer sales should stay about the same.

Still, he said, as many as five million home units could be sold this year if both manufacturers and retailers "behave" and refrain from practices that have hurt the market, such as driving prices down.

Levy also sees about a 20 percent drop in software sales, but said the net effect will be greater than that because of the amount of discount or close-out software being dumped on the market.

He criticized over-production in the computer software industry which, he said, does not exist in the record or book business where the marketing methods are similar. There can be no

return to profitability, he said, until the "dump stuff" is cleared away.

The Activision president also lashed out at the lack of imagination in new software releases.

"This industry has been cold, creatively, for about a year," he said. "We think we can do it but we need some company along the way."

If the hardware and software makers clean up their act, Levy thinks confidence can be rebuilt in the trade, and then the consumer can be won back.

Research shows, he said, that people intend to buy computers, but right now they are confused and don't know

if they should buy or wait.

Activision will be expanding its line of games to include what Levy called "non-fiction software," but he still believes entertainment software will be the backbone of the industry for another decade.

The company has also translated its more popular games into the Japanese MSX operating system. Although it is not known when, or if, the

MSX system will make an impact on the American market, Activision is planning to attack it on its own turf. It will start shipping MSX games to Japan later this year.

A joint venture with Atari is also continuing. The two companies are studying the distribution of software using FM radio waves. A home market test is planned for later this year.

Do robots really have a future?
See Trendings, page 7

Computers will achieve utility status in home

(Continued from page 79)

and computers. In fact," he commented, "it's going to be hard to tell which is which."

Further into the future, "our guess is that computer power in the home will become like a utility," he said. "There'll more or less be a terminal hookup in the home, and you can plug in for your computer."

With all these developments taking place, Davis cautioned "the market for the next four or five years is going to be very chaotic."

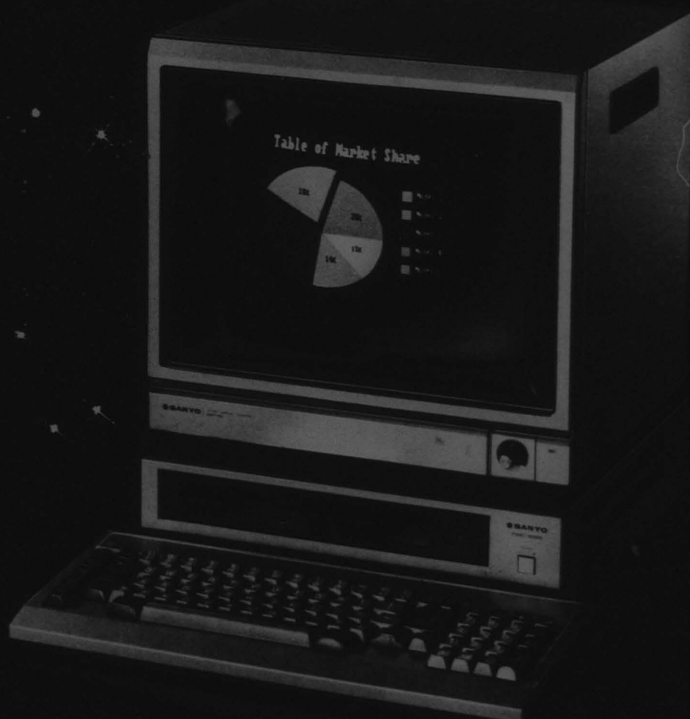
Electronic distribution stalls

One area of the industry which has already been afflicted by the lag between technological innovations and consumer acceptance is electronic distribution. "Electronic distribution is obviously in a state of flux," Parks observed.

To wit: Xante Corp. and Cumma Technology Corp. have pulled back for the time being. Future Computing originally scheduled representatives from both companies to speak at the forum but both declined to discuss their decisions. Parks only said that they apparently didn't feel the marketplace was ready for electronic distribution. (Xante has since filed Chapter 7, see page 80.)

However, this form of distribution "will be a component sooner or later," Parks forecasted. "Companies are going to keep trying till somebody gets it right."

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MERCHANDISING COMPUTERS

Vendors predict boom in future robot sales

(Continued from page 74)
three to five years. "More home robots will be coming from appliance manufacturers like General Electric and White-Westinghouse. When you think about it, a dishwasher is nothing more than a dedicated task robot," he said.

Three companies display

In addition to Heath, RB Robot and Androbot, Inc. displayed units at the exposition. The three companies are the largest producers of

personal robots.

One of the models displayed by Androbot (which is headed by Nolan Bushnell, the founder of Atari and the Chuck E. Cheese Pizza Time Theatre chain) was Topo II. Priced at \$1,700, it can walk or talk, guided by an infrared light source that links the unit to an Apple IIe or Commodore 64 command center.

Engineer Dave Oppenheim explained that his company views Topo as a peripheral to a personal computer, rather than a self-contained product.

For the more financially well-heeled, Androbot is offering B.O.B., the company's higher-end model which retails for \$4,000. B.O.B. stands for "brains on board" and is more sophisticated than its companion unit.

B.O.B. has an ultrasonic range-finder that measures the distance between an object and its current position. And it comes equipped with a lift, enabling it to move items about a house.

Oppenheim described his robots, Topo in particular, as "very expensive entertainment."

Somewhat more effusive about the uses for his product was David Holston, a manufacturing manager for RB Robot. He described RB's RB5X as performing two main tasks.

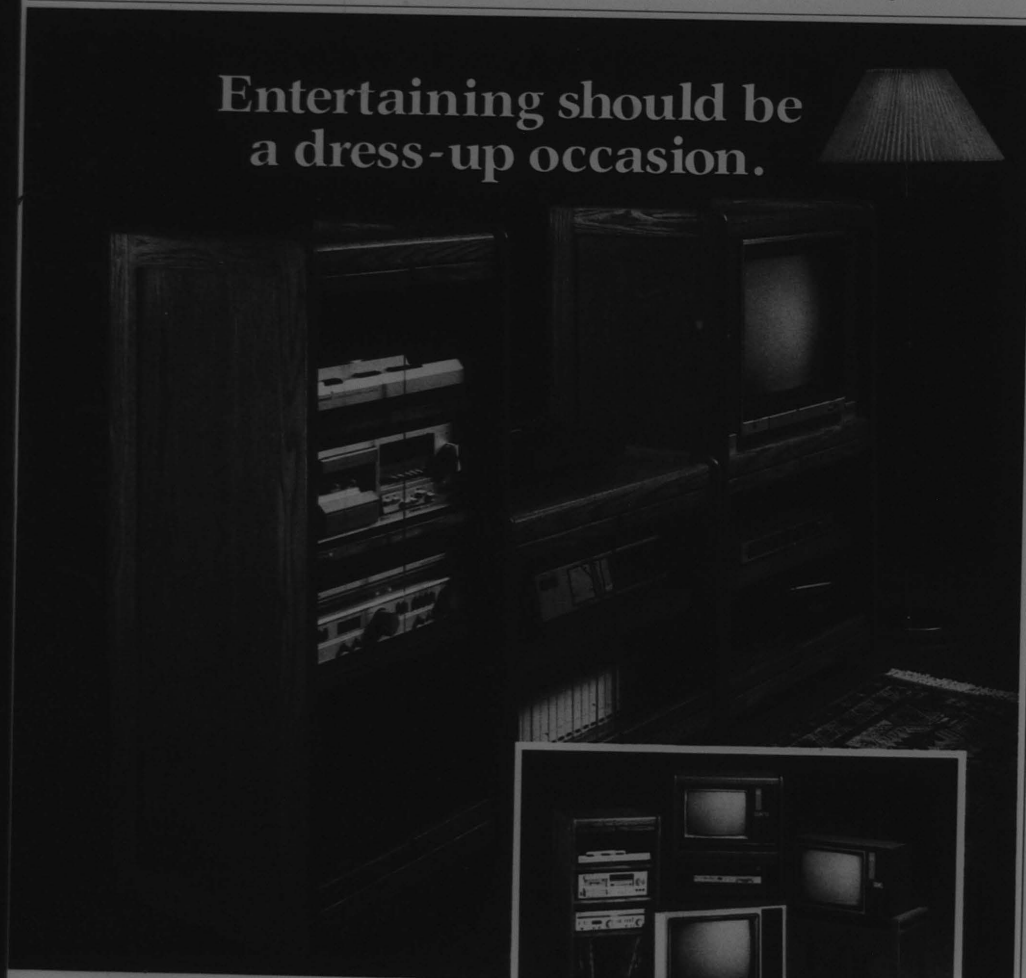
"It can be an educational tool, with excellent physics value because it can teach children about volume and movement. And you can also play games with it. Our robot can keep score because it has artificial intelligence," he explained.

Unlike Androbot, RB's basic robot is controlled by a tiny chip called an EPROM, short for "erasable programmable read-only memory." Holston said his company has sold over 800 RB5X's in the 1½ years the \$2,295 unit has been on the market. The price is for the basic model, additional pieces are extra.

He foresaw a bright future for his product, despite its current relatively high price. "By 1990, four out of every 10 homes will have a robot."

"We are part of the beginning," he said. "We can tell our grandchildren we built the first robot."

Entertaining should be a dress-up occasion.



It's Oak Classics, the striking collection of entertainment furniture that combines the rich warmth of solid oak and oak veneers. The detailing leaves nothing to be desired, nor does the hand-rubbed finish. The entire collection is modular, so the numerous pieces can be sold individually or in any arrangement that is most pleasing to your customers and most profitable for you.

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Bush

Bush Industries, Inc.

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Most retailers use open racks to show software

(Continued from page 78)

some retailers using both methods.)

Conventional wisdom holds that merchandising by subject matter is more convenient for customers. Record and videocassette stores stock by grouping albums or tapes according to type of entertainment rather than label.

A difference of opinion also was evident when retailers were asked how their software was displayed. Taken as a group, 44.1 percent of 115 respondents said most of their software was shown on open shelves or racks. Locked cases came in second with 37.7 percent of the total. Point-of-purchase displays followed with 14.9 percent, and other methods accounted for 3.3 percent of the total.

But open shelves and racks were not the across-the-board choice. Both single- and multi-unit electronics operations preferred the display method, but 68.9 percent of these mass merchandisers polled said they primarily use locked cases. Their choice can perhaps be attributed to the higher shrinkage and security problems that plague larger, chain operations.

As for training the staff, 73.4 percent of those asked said they rely on a combination of books, literature and training manuals.

In responding to the question "Which of the following do you use to train employees in selling computer merchandise?" 58.7 percent of the 143 replies listed manufacturers' aids as the second most popular choice for training employees. Following were aids from distributors with 52.4 percent of the total; classes, with 44.8 percent; videotapes, with 38.5 percent, and other methods, with 6.3 percent.

Using more than one method, here again, caused the total percentage to exceed 100 percent.

The questionnaire asked retailers to elaborate on how important demonstration tapes and videos are in selling computer products. Almost 45 percent (44.2) of 145 retailers said such demonstrations are very important while 25.5 percent said they are only moderately important. Almost 20 percent (19.3) thought tapes and videos were valuable and only 11 percent felt they held no value whatsoever.

CES Booth #210

MERCHANDISING

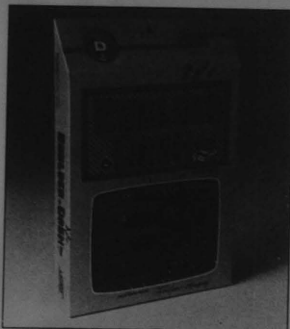
JUNE, 1984

MERCHANDISING COMPUTERS/NEW RELEASES

COMPUTERS

GAMES

BEAMRIDER, Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.
BOULDER DASH, First Star Software, Inc. Atari HCS-, Commodore 64-compatible. Available now. Suggested retail \$39.95.



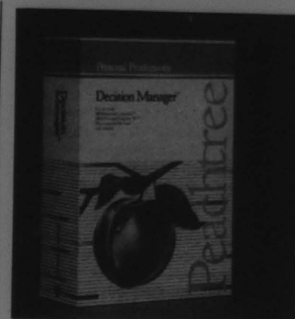
CAVERNS OF KHAFKA, Cosmi. Atari series-compatible. Available now.
CRYPTS OF PLUMBOUS, Cosmi. Atari series-compatible. Available now.
DECATHLON, Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.
GALACTIC AVENGER, Cosmi. Atari series-compatible. Available now.
HEARTS 2.0, Dynacomp, Inc. Atari series-compatible. Available now. Suggested retail \$19.95.
H.E.R.O., Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.
MELTDOWN, Cosmi. Atari series-compatible. Available now.
PITFALL, Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.
TINK!TINK!, Angelsoft Inc. Atari series-, Commodore 64-compatible. Available now.
TOY BIZARRE, Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.
WORD ATTACK, Davidson & Assoc. Commodore 64-, Apple series-, IBM series-compatible. Available now. Suggested retail \$19.95.
ZENJI, Activision. Commodore 64-compatible. Available now. Suggested retail \$34.95 on disk; \$39.95 on cartridge.

LEARNING

B/GRAPH, Commodore. Commodore series-compatible. Available now.
DECISION MANAGER, Peachtree Software. IBM PC-, IBM PCjr-compatible. Available now.
EASY CALC, Commodore. Commodore series-compatible. Available now.
EASY SCRIPT, Commodore. Commodore series-compatible. Available now.
FRIDAY, Epson America, Epson QX-10-compatible. Available now. Sug-

gested retail \$295.
GRAPHPLAN, Epson America. Epson QX-10-compatible. Available now. Suggested retail \$295.
INSTANT RECALL, Howard W. Sams & Co., Inc. Apple series-compatible. Available now. Suggested retail \$59.95.
MAILMERGE, Epson America. Epson QX-10-compatible. Available now. Suggested retail \$250.
MATH MILEAGE, CBS Software. Atari series-, Commodore 64-compatible. Available now.
MICROPLAN, Epson America. Epson QX-10-compatible. Available now. Suggested retail \$495.
MICROSPEEDREAD, CBS Software. Apple series-, IBM PC-, IBM PCjr-, Commodore 64-compatible. Available

now.
PEN-PAL, Howard W. Sams & Co., Inc. Apple series-compatible. Available now. Suggested retail \$59.95.
POSTER, Scholastic Inc. Commodore 64-compatible. Available now. Suggested retail \$19.95.
ROADSEARCH, Columbia Software. Commodore 64-compatible. Available now. Suggested retail \$34.95.
SEVEN CITIES OF GOLD, Electronic Arts. Atari series-compatible. Available now.
SPELLSTAR, Epson America. Epson QX-10-compatible. Available now. Suggested retail \$250.
SUPER EXTENDED BASIC, J&KH Software. TI-99/4A-compatible. Available now.
THE MANAGER, Commodore. Com-



mode series-compatible. Available now.



The Search Is On!

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Region 2
 EASTERN
 TEC Sales
 201-457-1799
 NY, Northern NJ

Region 3
 MID-ATLANTIC
 Adair Associates
 609-983-4904
 Southern NJ (Ocean, Mercer),
 PA, DE, MD, D.C., VA, WV

Region 4
 SOUTHEAST
 Interface Marketing
 404-587-4272
 KY, TN, NC, SC, GA, AL,
 FL, MS

Region 5
 MIDWEST
 Three C Marketing
 214-234-6102
 TX, LA, AR, OK, KS, MO,
 IA, NE

Region 6
 CENTRAL
 OPEN
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Region 7
 ROCKY MOUNTAIN
 Jerry Kaye Assoc.
 303-642-3063
 CO, AZ, NM, UT, MT, ID, NV

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 PJ Marketing
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Region 9
 NORTHWEST CALIFORNIA
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Region 10
 NORTHWEST
 Midland-Cascade Marketing
 503-343-4138
 OR, WA

MERCHANDISING COMPUTERS

Bush introduces furniture units

LITTLE VALLEY, NY—Bush added to its line of computer furniture with the introduction of the 140 series of products. The models have acrylic-coated, non-glare ebony work surfaces framed by a pecan wood-grain laminate.

Included are a desk, hutch, monitor/printer platform, corner connector, printer stand and terminal table. The desk, model CT-140, has a 27-in. keyboard height and a 50-in. by 28-in. work surface. A lower storage shelf has a lockable compartment to protect software programs and computer keyboard. The entire shelf can be

enclosed and locked with the addition of another set of locking doors available as an option (model CTA-144).

Model CTA-10 is an optional caster kit, while model CTA-141 places the monitor on a shelf adjustable to the most comfortable viewing level and with a forward/backward tilt to reduce glare. The shelf has front and rear safety retainers and fits on either side of the hutch.

A printer stand, model CT-145, has two top paper slots designed for either rear or bottom feed printers. A rear shelf can be raised or lowered to receive forms based on the user's needs and location. The unit measures 27 in. by 24 in. by 28 in. and has adjustable level guides.

Model CT-146 terminal table comes

with casters, storage shelf and optional lockable door module. Prices on the entire line range from \$34.95 to \$199.95.

Bush Industries, Inc., 312 Fair Oak St., M., Little Valley, NY 14755.



Bush CT-140 desk

Toshiba announces dot matrix printer

TUSTIN, CA—Toshiba announced the introduction of a dot matrix printer that features a 24-pin print-head for letter-quality, high-speed drafts and precision graphics, the company said.

The P1340 produces formed characters at 54 characters per second (cps), while draft quality documents are produced at 144 cps, and graphics are achieved with a 180-by-180 dot-per-inch density. The company claims that single-pass printing in each of the three modes boosts throughput, particularly with underscores, bold type, super and subscripts.

Additional features include software selectable multiple fonts, pitches, line spacing, condensed print and proportional spacing. Qume Spring 5 emulation, for use with most word processing packages, is standard.

Toshiba America, Inc., 2441 Michelle Dr., M., Tustin, CA 92680.



Toshiba P1340 printer

Apple gives birth to the 7½-lb. IIc

SAN FRANCISCO—The Apple IIc, a 7½-lb. computer with 128K of memory, has been introduced by Apple Computer, Inc.

Priced at \$1,295, the IIc includes the central processor, keyboard and disk drive in one unit. The company claims built-in expansion ports eliminate the need to add expansion cards. A handle props the keyboard at a preferred typing angle.

Built into the IIc's central processing unit are a floppy-disk drive, a 40- or 80-column display switch, two serial ports and a keyboard. A radio frequency modulator for TV monitor hookup and a power pack are included with the basic system, which is based on the 65C02 microprocessor.

For mass storage, there is a built-in 5¼ in., half-height disk drive with 140K of memory, and a port for an external disk drive. Three separate graphic modes are available: low resolution in 16 colors, high-resolution and monochromatic resolution.

Apple Computer, Inc., 20525 Mariani Ave., M., Cupertino, CA 95014.



Apple IIc



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MERCHANDISING COMPUTERS

PerfectData shows screen filter line

CHATSWORTH, CA—PerfectData has introduced PerfectView, which the company claims is a computer screen filter that virtually eliminates eye-strain and fatigue resulting from computer screen glare produced in most office environments.

Made from an anti-reflective coated polyester, PerfectView is laminated to a circular polarizer. The unit is available in five screen sizes that are compatible with virtually all computer terminals. The filter can be mounted without using any tools on the CRT housing.

PerfectData, 9174 Deering Ave., M, Chatsworth, CA 91311.



PerfectView screen filter

BASF introduces one-sided diskette

BEDFORD, MA—BASF has unveiled the single-sided 3½-in. diskette which has 80 tracks per side and stores 0.5 megabyte, or 40 typewritten pages, per side. The company says the storage capacity is equal to its standard two-sided 48 TPI, 5¼-in. FlexyDisk.

The 3½-in. product uses high-density, high-coercivity oxide formulation designed to perform with many microdisk drives.

BASF Systems Corp., Crosby Dr., M, Bedford, MA 01730



BASF diskette

Suppressors protect against voltage spikes

LAS VEGAS—Voltage surge suppressors designed to protect electronic and electrical equipment from damaging high voltage "spikes" were introduced by Philips ECG.

Offered in two models, EMF-2 with two prongs and EMF-3 with three prongs, the surge suppressors plug into AC outlets and provide protection against voltage surges for computers, in addition to televisions and certain appliances.

The products clamp transient surges to a safe level under 400 volts without impeding normal current flow or increasing energy costs, the company claimed. Philips maintains that added protection is achieved through a built-

in overload feature which removes AC power from the equipment in use if the device is overstressed by a very powerful spike.

Philips ECG, Inc., 100 First Ave., M, Waltham, MA 02254.



Philips EMF-2 and EMF-3

Furniture unveiled by O'Sullivan Inc.

LAMAR, MO—O'Sullivan Industries, Inc. has introduced 11 computer furniture units at the CES, two of which are shown here. The CT746 model, shown at left, is a workcenter finished in baronwood vinyl laminate. The unit features a storage area below a swing-out door. Its companion printer stand, model CT748, has a paper shelf with a paper feed slot built into the unit. It will accept most computer printers, O'Sullivan claimed. The workcenter's suggested retail price is \$129.95 and the printer's is \$69.95.

O'Sullivan Industries, Inc., 19th & Gulf Streets, M, Lamar, MO 64759.



O'Sullivan furniture units

Computer Trendings appears on page 7

Tomorrow's software buying decisions are being made tonight.

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Software Express™ provides this information and a lot more for over 800 popular titles—ranging from entertainment to education to business/home finance—for Apple™ Atari™ Commodore™ and IBM™ home computers. The catalog also features tutorial articles written by prestigious software manufacturers on how to best select different kinds of software. **Software Express** is published quarterly, giving software shoppers the up-to-date details needed to make their buying decisions. And, once they've decided which software they want, getting it is as simple as visiting a local software dealer and filling out an order form!

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Merchandising

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THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALEERS AND DISTRIBUTORS

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- multi-featured models build a new market
- cellular units hit the road in force in many cities
- cordless gets new channels to grow on
- handsets wed answerers in high-tech rites

...and the business continues to grow

12th Annual Consumer Survey

1,733 shoppers tell how they'll spend their dollars in the year ahead

If you own a microwave oven, would you consider trading it in for one with additional features?

(Based on 352 replies)

Yes 37.8%
No 62.2%

How much would you be willing to pay for a personal computer?



How interested are you in purchasing the following products?



Discount store	28.6%
Department store	26.4%
Specialty housewares store	18.3%
Catalog showroom	14.5%
Sears, Penney's type store	14.3%
3.1% Other outlets	

TRENDINGS IN COMPUTERS



Frank Carlucci

Educational software glut leads to question of quality

Why can't Johnny read? The question kept running through my mind as I walked the aisles at last month's Consumer Electronics Show in Chicago. At nearly every booth a software vendor was busily flogging his program as the definitive learning tool for nearly every age group from kindergarten through high school.

Educational software, or more precisely EDUCATIONAL SOFTWARE, (it seems the category was being forced upon us) was the main theme

this summer in McCormick West: almost three full floors of programs designed to help Johnny become anything that he aspires to be.

There were disks to help boost his reading comprehension. Cartridges to aid his grasp of history and geography. Programs to improve his spelling. You get the idea—anything under the sun to make a pupil smarter.

Strangely, the problem wasn't with the quantity of the programs. It was with the quality. Many of the ex-

hibiting manufacturers were displaying software of dubious worth and placing it under the educational banner in order to capitalize on the industry's latest growth category.

Many of these vendors are jumping on the bandwagon, not out of any sense of corporate responsibility but out of fiscal necessity, because their once-healthy videogame software business faltered as people traded up from videogame consoles to home computers.

Now adapting to a changing marketplace is the American way, don't get me wrong. Any legal way these software firms can arrive in the black is alright with me. But to rush into the education field with products that aren't time tested is foolhardy.

So what about Johnny?

Well, a visit among many of the software vendors in Chicago would lead one to believe that all we need in this country is a computer for every preschooler or teenager and our functional illiteracy problem would be solved. Unfortunately the problem goes deeper than that.

A University of Michigan-controlled study recently reported in The New York Times revealed that American children lag behind both Japanese and Taiwanese children in most academic subjects from as early as the first grade. The study's authors cited a lack of parental supervision, poor study habits and a preoccupation with television as three of the principal reasons for the poor showing.

It seems Johnny can't read because he's watching The A Team and his parents are either too engrossed in watching it with him or too busy doing other things to care.

If children today are so accustomed to watching a screen instead of following the printed word from left to right, then maybe it's time to admit our educational system is in trouble. Or maybe it's time to admit that a computer can help.

I'm not yet convinced that using computers is the best way to raise reading levels and math scores, but if positive results come from having computers in the classroom, so be it.

The trick is to not lose sight of the fact that education is the program's first priority. Sure, it has to be entertaining to ensure a child's attention for more than a couple of minutes. But having a child pay rapt attention for hours on end and having him learn little or nothing from the program would be a giant waste of the child's time and the firm's research and development team.

As a retailer, one of the first things you should ask yourself is who is (or are) the program's authors and what kinds of credentials does he bring to the software package. The next thing to look for is the age the program is written for. You would be amazed at how many salesmen replied, "Oh, it's good anywhere up to the high school level," when I asked the intended age range of the product.

There is no way a program that says "for ages seven through 14" will be as good as something that is more age specific. Children's minds develop at various intervals along the path to maturity, and to say a single program is good all through the learning ladder is probably incorrect and misleading. Helping a child learn is arguably the greatest function of a computer. But to do a good job the machine needs quality software. Anything less and Johnny will just be sitting in front of a television.

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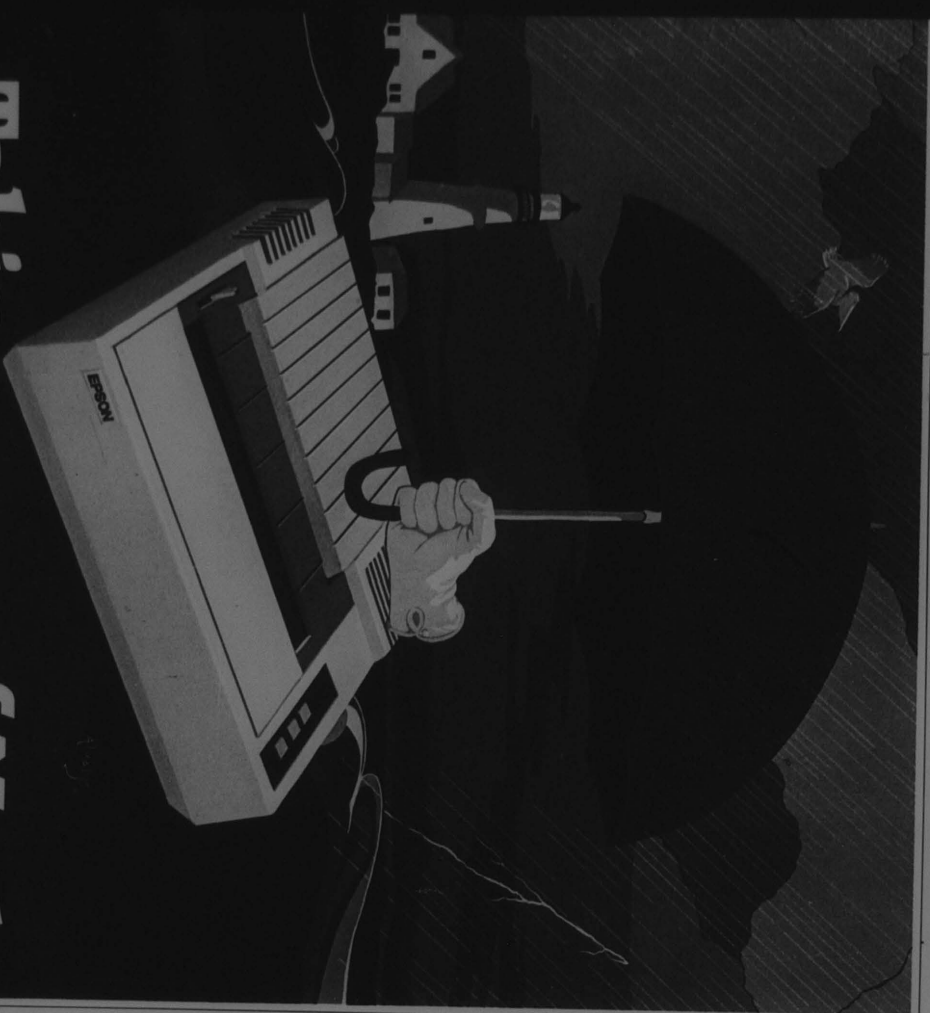
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Twelfth Annual Consumer Survey



Buying plans continue strong among this group of 1,733 shoppers

The mood continues upbeat. The 1,733 shoppers interviewed in late spring by *Merchandising* pollsters indicated that the purchasing power they have been wielding for the past year or so is not losing strength. Signs are that the shopping spree will continue.

Although the results of this year's survey are not directly comparable with those of previous years, a casual look at the results for 1983 and 1984 reveal some interesting information. Here are some highlights:

Consumer Electronics

TV's: Demand is holding about even with last year (which broke all records). Plus, more than half of the shoppers polled said they could get excited about stereo broadcasting—perhaps even excited enough to make an unplanned purchase.

VCR's: The force is growing. Ownership is up, yet the percentage of shoppers planning to buy is up too. More good news: The shoppers are more *feature* than *price* conscious.

Videodiscs: This category is taking a breather. Laser has still not taken off (although the new music videos and interactive games will help), and RCA's abdication of the CED format is going to hurt the category as a whole for a while. Hardly any shoppers plan to buy.

Projection TV's: Fewer people plan a purchase. Because of its size and price, the product remains a very special one that attracts only a limited number of customers.

Pre-recorded Videocassettes: As the installed base of VCR's continues to expand, the average number of tapes owned is holding steady. More people, however, plan to buy this year. Rental is still king, and the percentage of people renting is up as is the number of tapes they plan to rent.

Blank Videotape: VCR owners are buying more: Those purchasing 10 or more units will climb this year.

Blank Audiocassette: While fewer cassette player owners plan to buy blank tape, those who do are buying more. And quality is becoming more, price less important.

High Fidelity: Purchase plans are off slightly from the previous year. Still, more than 10 percent of the shoppers plan to buy.

Compact Disc Players

Just starting out, this young product should be purchased by a growing number of the consumers this year as the word spreads and prices fall.

Car Stereo: Plans to buy are off somewhat. But those who buy will spend more. And there appears to be a noticeable decline in the number of people who would automatically buy the model that comes with the car.

Personal Portable Stereo: As the category matures, purchase plans have slipped and people expect to pay less for the product.

Videogames: A product on hiatus, videogames will be purchased by fewer and fewer consumers this year, and almost half of the videogame owners will buy no new cartridges. This is truly a product in need of some excitement.

Personal Computers: About the same percentage of people as last year expect to buy. But they expect to pay more. And more than a third say they don't need a computer specialty store to hold their hand—they'll shop at the same place where they bought their TV, VCR or videogame.

Calculators: Saturation continues to increase, but so do purchase plans! The product has become a true commodity, even though the average shopper still plans to spend \$55.38 for his calculator.

Quartz Watches: More than half the shoppers own one. And many still plan to buy one in the next 12 months. It's about evenly divided between analog and digital models.

Telephones: More than half of this group owns at least one phone. And the number of shoppers planning to buy is still holding steady, even though people do expect to pay less. As for cordless models, fewer purchases are planned, perhaps partly as a result that some 28 percent of the current owners are not happy with the product.

Major Appliances

Air Conditioners: Although the polling was done before the early summer heat wave hit the East Coast and sent sales through the roof, more consumers still said they were planning to buy a unit this year. The sad part is that almost half of the people don't appear to know about EER's, and that many of those who are aware still don't seem to care when it comes to making a purchase.

Microwave Ovens: Saturation among this group is up to almost 42 percent from last year's group with 38.5 per-

cent. Yet plans to purchase are off only a bit. Consumers do, however, expect to spend less—down to an average \$356.87 this year compared with \$423.76 a year ago.

Other Appliances: Fewer consumers are planning to buy basic major appliances in the next 12 months than in the group polled last year, perhaps signaling a coming plateau in what has been a booming industry for the past year. The biggest winners in the months to come will be clothes dryers, washers and dishwashers. What do consumers think about the new colors? See page 26.

HOUSEWARES

Cookware: Glass and stainless steel come out on top this year. And discount stores are coming on strong, largely at the expense of department stores.

Food Processors: Saturation is up; still, a substantial number of the shoppers plan to buy one in the next 12 months, paying a respectable \$113.39, on the average.

Personal Care: Most popular are bathroom scales, hair dryers and shavers. Blood pressure monitors are taking off too.

Kitchen Appliances: Hot products here are coffee makers, electric woks, blenders, food slicers, can openers and irons. More than a quarter of the shoppers polled own a space saving appliance and 16.4 percent plan to buy one in the next 12 months.

Air Purifiers: Purchase plans are holding about steady, but people are willing to spend more: an average \$47.50.

Fans: More people say they will buy in the next 12 months, with ceiling fans way out in front. Again, this information preceded the heat wave.

Clocks: Most popular by far are analog kitchen wall clocks and digital clock radios.

Grills: Purchase plans are up, with charcoal remaining the most popular.

Vacuums: Many more people are planning a purchase, and much of the action will continue in the booming handheld category.

For more details, just keep reading. The following 18 pages will tell you all you need to know about how this particular group of shoppers views the next 12 months—and what you can do to get ready for them.

—Lee Babin
editor

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Contents:

Statistical Matter for this survey was collected and compiled by **Kenia Book**, market research manager, and **John Book**, research analyst, Kenia Book Associates. They were aided by **Edna Book**, research assistant, Kenia Book Associates; **Robert Kerszenberg**, **Yaela Ginn**, **Donna Gordon** and **Samuel Gashov**.

12th Annual Consumer Survey

1,733 shopper represent a cross-section of America

A grand total of 1,733 shoppers were interviewed for this year's consumer survey by more than 20 pollsters operating in every region of the nation. Interviews were conducted during April and May in shopping centers, malls, city streets—anywhere consumers could be found with buying on their mind.

As a result, we hasten to point out, this sample is not projectable to the population at large. Those people interviewed for this survey were in a shopping district. Chances are, they had money to spend and were out selecting merchandise and making purchases. Hence, the results would tend to skew higher than what might be the national average.

Two mini-questionnaires were used in taking this year's poll. Half the respondents were queried about consumer electronics products, half about major appliances and housewares. Due to the importance of two emerging categories—computers and telephones—all 1,733 shoppers

were asked questions about these products.

The results, printed on the following pages, should give an idea of what's on these consumers' shopping lists this year. What purchases are they going to be making in the next 12 months? What features are they going to be looking for on those products? How much are they willing to pay? These are among the questions our poll has tried to answer.

We've also attempted to measure consumer attitudes about products ranging from room air conditioners to computers to portable air filters. What does the consumer think about when he enters the market for one of these items? What's important to him? And, just as importantly, what's not?

We found the average respondent this year would probably be a woman between the ages of 30 and 39. She lives in a suburb of a western city with her husband. Chances are good they do not have children. But if they did, they would have one or two. Total household income is probably around \$30,000, and the woman is likely to work outside of the home.

While this might paint a picture of the average consumer, the response was incredibly broad. People were

interviewed from the East Coast to the West Coast, from the Canadian to the Mexican borders. Households included from one person to six or more. People lived in cities, suburbs, towns or villages and rural areas. And incomes ranged from under \$10,000 to well over \$50,000.

Although the results of this year's poll are not directly comparable to those in surveys *Merchandising* has done in previous years (this is our twelfth annual Consumer Survey), some interesting comparisons can be made.

For one thing, unemployment among our shoppers is down to 7.1 percent this year from 10.2 percent last year. We also find that household income is up. This year, 51.4 percent reported earnings \$30,000 or more, compared with 43.8 percent last year.

This bodes well for retailers who, obviously, should be encouraged by the increase in the number of employed, well-paid shoppers in the marketplace.

After all, 1983 was an excellent year for almost all of the products covered in this survey. With the consumers this year even stronger and more confident, can '84 be anything but better?

—Lee Rath
editor

Characteristics of the Sample

Replies: By employment status

	Number of replies	Percent of replies
Employed	1,239	71.5%
Homemaker	270	15.6%
Student	68	3.9%
Military	14	0.8%
Retired	18	1.1%
Unemployed	123	7.1%

Replies: By marital status

	Number of replies	Percent of replies
Married	1,014	58.5%
Divorced/Separated	235	13.6%
Widowed	107	6.2%
Single	376	21.7%

Replies: By household income, by region

(Number of replies)*	Percent of replies*					
	Total	Northeast	North Central	South Atlantic	South Central	West
Under \$10,000	(1,653)	(367)	(354)	(275)	(275)	(382)
\$10,000 to \$19,999	4.6%	4.4%	4.0%	4.0%	9.5%	2.6%
\$20,000 to \$29,999	20.0%	13.4%	23.4%	19.3%	30.2%	16.2%
\$30,000 to \$39,999	24.0%	19.6%	29.7%	24.0%	24.0%	22.8%
\$40,000 to \$49,999	24.0%	27.5%	24.6%	24.7%	18.5%	23.3%
\$50,000 or more	14.8%	20.7%	10.4%	14.5%	10.2%	16.8%
	12.6%	14.4%	7.9%	13.5%	7.6%	18.3%

*Excludes no answer.

Replies: By number of persons in household

	Number of replies	Percent of replies
One	311	18.0%
2 to 3	115	52.8%
4 to 5	9	25.9%
6 or more	7	3.3%

Replies: By age

	Number of replies	Percent of replies
Under 21	69	4.0%
21 to 29	436	25.2%
30 to 39	487	28.1%
40 to 49	363	20.9%
50 to 64	282	16.3%
65 and over	95	5.5%

Replies: By number of children* in household

	Number of replies	Percent of replies
No children	1,040	60.0%
1 child	394	22.8%
2 to 3 children	282	16.3%
4 or more	16	0.9%

*Under 16 years of age

Replies: By location of residence

	Number of replies	Percent of replies
City	588	34.0%
City suburb	812	46.9%
Town or village	243	14.0%
Other rural	89	5.1%

Replies: By sex

	Number of replies	Percent of replies
Female	1,004	58.0%
Male	728	42.0%

Replies: By geographic region

Region	Number of replies	Percent of replies	Percent of electrically wired homes in region*
Northeast (New England/Middle Atlantic)	367	21.2%	20.3%
North Central (East and West North Central)	362	20.9%	25.7%
South Atlantic	331	19.1%	17.2%
South Central (East and West South Central)	282	16.3%	17.4%
West (Mountain/Pacific)	390	22.5%	19.4%
Total	1,732	100.0%	100.0%

*Source: Edison Electric Institute for 3rd Quarter of 1983.

12th Annual Consumer Survey

Videogames look to rebound from stagnant period

If the videogame industry isn't dying, as many manufacturers insist, then it has probably at least reached a plateau. While 27.2 percent of the 860 shoppers polled by *Merchandising* said they currently own a videogame console, only 3.8 percent of the responding group said they plan to buy a unit in the next 12 months. The total number of households polled that will have a console will be 29.1 percent, according to the survey.

The reason why the figures leave significant room for improvement is that in earlier surveys, far more of the shoppers questioned said they expected to own some kind of system.

Reasons for the drop in 1984 can only be speculated upon, but probably one of the main reasons for the soft-

ness in videogames is the lack of revolutionary new titles. Long gone are the days when children would line up at the arcade parlor to play Pac-Man and Donkey Kong.

This theory is supported in the chart below which asks shoppers to state why they aren't considering buying a videogame console. Out of 731 replies, 63.3 percent said they were just not interested.

Whether or not these people bought and then discarded a console or won't buy one because they simply don't like to play videogames cannot be answered. What can be said, however, is that if the videogame console suppliers

want to keep their customers happy they would be wise to develop a new product that would recapture the magic the category once had.

On the software side, the majority of the 231 shoppers who currently own a videogame console said they would buy from five to nine cartridges in the next 12 months. This 32.9 percent figure seems to indicate that people will continue to play games—but only if the games are interesting.

—Frank Cavaliere

assoc. ed./computers & personal electronics

Where did you / would you purchase your videogame?

	Percent of replies	Own now	Plan to buy
(Number of replies)	(232)	(546)	
Discount store	26.7%	34.2%	
Department store	20.7%	12.1%	
Sears, Penney's type store	19.4%	20.5%	
Electronics store	6.9%	15.4%	
Catalog showroom	6.5%	8.2%	
Appliance/TV store	3.4%	7.0%	
Hifi specialty store	2.2%	1.6%	
Other outlets	14.2%	2.7%	
Total	100.0%	*	

*Does not add to 100% because of multiple replies.

Expected change (%) in videogame ownership in the next 12 months

	Percent of replies*
Now own	27.2%
Will buy in next 12 months	3.8%
Will own in next 12 months	29.1%
	**

Expected percent change in ownership: +6.8%

*860 replies

**Seventeen respondents (2.0%) now own and plan to buy in next 12 months

If you do not expect to purchase a videogame in the next 12 months, why not?

	Percent of replies*
Not interested	63.3%
Already own one	23.9%
Prefer a computer	7.9%
Too expensive	6.4%
Other reasons	1.1%
	**

*731 replies

**Does not add to 100% because of multiple replies.

Videogames

How much would you be willing to pay for your videogame?

	Percent of replies*
Under \$30	14.7%
\$30 to \$74	30.5%
\$75 to \$149	30.5%
\$150 to \$199	14.7%
\$200 or more	9.6%
Average:	\$95.87

*95 replies

If you own a videogame, how many videogame cartridges do you own? How many do you expect to purchase in the next 12 months?

	Percent of replies	Own now	In next 12 months
(Number of replies)	(231)	(217)	
1 to 4	20.8%	35.9%	
5 to 9	32.9%	18.0%	
10 to 19	30.3%	3.7%	
20 or more	12.5%	0.0%	
One or more	96.5%	57.6%	
None	3.5%	42.4%	

Stereo sound is expected to bring added life to the TV market

A notable 31 percent of the consumers polled by *Merchandising* said they plan to buy a television set this year. While 87.2 percent of the sample have their hearts set on a color model, black and white TVs are still in the picture.

The TV market has been fueled by a rebound in the economy and a strong replacement business.

In addition, televisions are not just used to watch soap operas and such programs as *Dynasty*. The VCR boom and computer bug that have captured the American public have also prompted many people to take a closer look at the picture quality that their battered old TV's produce. This has sent swarms of consumers to the stores for new TV's.

While picture quality ranks first in purchasing a new set, sound quality is also considered when making a purchase. If TV programs were broadcast in stereo, 52 percent of those polled said that their next TV bought would be stereo equipped. While 39.1 percent said they would not buy a stereo TV, 8.9 percent remained undecided.

Since the Federal Communications Commission (FCC) has approved the Zenith transmission system and the dbx noise reduction system as the standard for stereo broadcasting for the industry, it looks like the networks may soon be gearing up to produce everything from concerts to talk shows in stereophonic sound. This will bring added life back into the color TV market.

The recently introduced Beta and VHS hifi videocassette recorders also tie in with the upcoming stereo TV's. When the networks get in gear, consumers will be able to tape their favorite programs off the air in stereophonic sound.

How much are consumers willing to shell out for a new TV? A whopping 37.8 percent were willing to fork out \$300 to \$499 while 24.4 percent were willing to pay \$500 to \$699. Some 14.4 percent of those polled were willing to part with \$700 or more for a new TV while 18.3 percent wanted a television for \$100 to \$299. The remainder, 5.1 percent of the sample, only wanted to take under \$100 out of their pockets to obtain the product.

It's likely that many shoppers will continue to upgrade their TV's as the video boom grows. And it looks like 1984 will be a banner year in sales.

—Stephanie Flory

sr. assoc. ed./video-audio

Do you expect to purchase a TV in the next 12 months?

	Percent of replies*
Yes	31.0%
No	69.0%

*860 replies

If you expect to purchase a TV in the next 12 months, will it be color or B&W?

	Percent of replies*
Color TV	87.2%
Black-and-white TV	13.6%

*265 replies. Includes two respondents who plan to buy both.

If TV programs were broadcast in stereo, would the next TV that you purchase be stereo equipped?

	Percent of replies*
Yes	52.0%
No	39.1%
Undecided	8.9%

*860 replies

TV

How much would you be willing to pay for your TV?

	Percent of replies*
Under \$100	5.1%
\$100 to \$299	18.3%
\$300 to \$499	37.8%
\$500 to \$699	24.4%
\$700 or more	14.4%
Average:	\$452.41

*312 replies

12th Annual Consumer Survey

Lack of interest haunts videodisc player business

It looks like interest in videodisc players is continuing at a low level. With the demise of RCA's CED players, even fewer consumers are searching the shelves for videodisc players.

The one format that manufacturers are still banking on is laser. As the product improves and becomes more interactive, perhaps it will gain more consumer acceptance. The interest in compact disc players has also directed more attention to laser.

Two percent of those shoppers polled by *Merchandising* already own videodisc players but only 0.1 percent plan to buy one within the next 12 months. This would only produce a 5.9 percent change in ownership.

When asked why they do not plan to purchase a video-

disc player, the majority, 50.3 percent, declared they were simply not interested. Some 17.6 percent said that they already own a VCR and therefore did not want a videodisc player.

Another 14.1 percent of those queried said that videodisc players were too expensive to fit within their budgets. Surprisingly 11.7 percent were not familiar with the product. Yet other reasons were cited by 10.8 percent of the respondents for not buying a videodisc player.

Some 28.6 percent of the shoppers said they would be willing to pay under \$150 for a videodisc player and the same percentage of shoppers were also willing to shell out \$150 to \$299 for the product. Another 25.7 percent were willing to slap down \$300 to \$499 while 17.1 percent were willing to pay \$500 or more for the product.

While videodisc sales have been disappointing in many parts of the country, there are some factors that could very well help the product take off. The increased interest in

music videos, for example, could help spur sales. Music videos have captured the hearts of the younger generation and many of these people are not interested in the time shifting capabilities of videocassette recorders. A videodisc player may be just the answer to their needs.

At the Consumer Electronics Show, Pioneer displayed a Laser Disc jukebox which could stack up to 60 eight-in. discs. With a maximum playing time of up to 40 minutes per disc, the system can play up to 2,400 minutes of music or up to 600 music videos.

Since the product will be placed in bars and restaurants it will draw added attention to the laser format. When consumers see and hear their favorite music at the bars, they may start thinking about a laserdisc player for home use.

Also, interactive videogames, such as the popular arcade hit *Dragon's Lair*, may put more pizzazz into videodisc players. Although the overall videogame market is suffering from turmoil, laser videogames still hold promise. One manufacturer has already developed an interactive videodisc game which takes consumers through adventures. ●

—Stephanie Flory
sr. assoc. ed./video-audio

Videodisc Players

Expected change (%) in videodisc player ownership in the next 12 months

Percent of replies*	
Now own	2.0%
Will buy in next 12 months	0.1%
Will own in next 12 months	2.1%

Expected percent change in ownership: +5.9%

*860 replies

How much would you be willing to pay for a videodisc player?

Percent of replies*	
Under \$150	28.6%
\$150 to \$299	28.6%
\$300 to \$499	25.7%
\$500 or more	17.1%

Average: \$301.44

*35 replies

If you do not own a videodisc player and do not expect to purchase one in the next 12 months, why not?

Percent of replies*	
Not interested	50.3%
Already own a VCR	17.6%
Too expensive	14.1%
Not familiar with it	11.7%
Other reasons	10.8%

**

*743 replies
**Does not add to 100% because of multiple replies.

High prices, lack of room affects projection TV sales

It appears that high prices and a lack of room have kept many consumers from purchasing projection TVs. But as prices continue to slide and models are designed to occupy less space, the market should take a turn for the better.

Only 2.3 percent of those shoppers polled said that they plan to purchase a projection television this year. These consumers represent a very distinct audience—decidedly upscale.

Already, 4.4 percent of the group own a projection TV. If the shoppers who noted that they will acquire a projec-

tion TV in the next 12 months hold true to their plans, this will produce a 52.6 percent change in ownership.

How much are consumers willing to pay for a projection television? Some 30.1 percent of those polled are willing to shell out \$1,000 to \$1,499. Since 27.4 percent of the shoppers queried would only part with \$500 to \$999 for a giant screen TV, it appears that many consumers are not even aware of the costs of these models. In addition, 8.2 percent were only willing to fork out under \$500 for the product.

Why aren't consumers flocking to the stores for projection TV's? More than a third, 39.9 percent, stated that they were simply not interested. High costs were cited by

33.5 percent of the group, and 27.7 percent of those queried simply don't have the room for a large screen model.

Poor picture quality was another deterrent to sales, since 13.9 percent said this prevented them from taking the plunge into the projection TV market. Another 4.5 percent are living in the Dark Ages and are not familiar with the product. The remaining 0.9 percent said other reasons kept them from taking a projection TV home.

Many of these problems are being alleviated by the manufacturers now. Picture quality on many of the units introduced at the June Consumer Electronics Show was dramatically improved. Newer models are also coming down in price. ●

—Stephanie Flory
sr. assoc. ed./video-audio

Projection TV

Expected change (%) in projection TV ownership in the next 12 months

Percent of replies*	
Now own	4.4%
Will buy in next 12 months	2.3%
Will own in next 12 months	6.7%

Expected percent change in ownership: +52.6%

*860 replies

How much would you be willing to pay for your projection TV?

Percent of replies*	
Under \$500	8.2%
\$500 to \$999	27.4%
\$1,000 to \$1,499	30.1%
\$1,500 to \$2,499	23.3%
\$2,500 or more	11.0%

Average: \$1,245.20

*73 replies

If you do not have a projection TV and do not expect to purchase one in the next 12 months, why not?

Percent of replies*	
Not interested in it	39.9%
Too expensive	33.5%
Don't have the room	27.7%
Don't like the quality of the picture	13.9%
Not familiar with it	4.5%
Other reasons	0.9%

**

*772 replies
**Does not add to 100% because of multiple replies.

12th Annual Consumer Survey

Over a third of shoppers now own a personal portable stereo

It's hard to think of a product that has captured the hearts of consumers as quickly as the personal portable stereo. Everyone, from the jogger to the commuter, has plugged in his headphones.

Over a third, or 39.8 percent of the consumers queried, now own a personal portable. This represents quite a chunk of consumers, especially since the product hasn't been on the market for all that long.

An additional 8.1 percent of those polled plan to purchase a personal portable stereo within the next 12 months. If they stick to their plans, this would produce a 12.9 percent jump in ownership.

And 26 respondents already own a personal portable stereo and plan to buy another within the next 12 months. Evidently, these people are upgrading in one way or another—either buying a model with added features, such as metal tape capability and auto-reverse, or are seeking out the newer smaller models which are barely bigger than a cassette.

How much are these consumers willing to pay for their personal portable stereos? Almost half, or 42.5 percent of the shoppers, are willing to spend \$50 to \$99. Some 19.9 percent would buy a personal portable for \$30 to \$49 while 16.4 percent are willing to put up \$100 to \$199 for a

deluxe model with added features. Another 5.5 percent of those polled said they would be willing to cough up \$200 or more.

But the average price that consumers would be willing to pay is \$68.01.

What's in store for the category? Sales are slowing down a bit at retail, leading manufacturers to come out with variations of the product. Look for lots of innovation.

—Stephanie Flory
sr. assoc. ed./video-audio

Expected change (%) in personal portable stereo ownership in the next 12 months

	Percent of replies*
Now own	39.8%
Will buy in next 12 months	8.1%
Will own in next 12 months	44.9%
	**
Expected percent change in ownership:	+12.9%

*860 replies
**Twenty-six respondents (3.0%) now own and plan to buy in next 12 months

Personal Portable Stereo

How much would you be willing to pay for a personal portable stereo?

	Percent of replies*
Under \$30	15.7%
\$30 to \$49	19.9%
\$50 to \$99	42.5%
\$100 to \$199	16.4%
\$200 or more	5.5%
Average: \$68.01	

*146 replies

Computer ownership leaps as consumers enter mid-range market

(Charts on following page)

The computer boom will continue in 1984, as more Americans decide to buy machines to help them do a variety of household tasks.

This statement is based on 1,733 consumers polled by *Merchandising*. The findings reveal some interesting buying habits, and give some hints at where the fascinating computer hardware market will be headed in the next few years.

Of the 1,733 replies, 15.3 percent of those respondents said they currently own a computer and an additional 13.4 percent said they plan to buy one in the next 12 months. This means a substantial 28.2 percent will probably own a computer in the next 12 months. These figures account for an expected leap in computer ownership of 84.5 percent.

This jump comes on the heels of an even more impressive 129.7 percent increase detailed in last year's Consumer Survey. So it seems clear that the awaited boom in computer ownership is beginning to occur.

The more calm atmosphere enveloping the hardware industry is apparently having an effect on consumer sales patterns. Seemingly gone are the days when low-end computer manufacturers would rock the market with poor pricing structures and ill-timed product introductions. This year, suppliers seem to be concentrating more on sticking with computer units that they confidently predict consumers will buy.

One new technological innovation consumers won't be able to buy, at least for awhile, is the Japanese MSX machines. They were expected to make their U.S. debut sometime this fall, in time for the Christmas season, but they apparently won't be seen in American stores yet. The MSX absence is another feather in the domestic suppliers' cap because the calm that so many of them have sought will stay around at least a little while longer.

Consumers this year can look forward to being in the catbird seat, as the major computer manufacturers have unveiled significant products aimed at the home user.

Commodore introduced two new machines; the Plus/4, which is a slightly altered version of the 264 model shown earlier this year, and the Commodore 16, which will replace the VIC 20. Coleco has given its Adam home computer another try, only this unit has more power and costs more money. Industry darling Apple Computer has given the world the Apple IIc, the firm's 7¼-lb. 128K portable computer; while Atari said it is planning to introduce a

new 64K unit which will sport a built-in modem and voice synthesis.

Even IBM's recent announcement that it was cutting the price of the company's PC line 18 to 23 percent will give consumers reason to celebrate. All in all, it adds up to more computer for the consumer's dollar.

And those surveyed indicated that they would be willing to spend an average of \$1,331.08 for a home computer. Out of 398 replies, only 9.3 percent said they would spend under \$250 for a unit; 9.0 percent said they would be willing to shell out \$250 to \$399 for a machine. More importantly, 22.9 percent of those polled said they would spend from \$400 to \$799 for a computer and another 22.4 percent said they would pay \$800 to \$1,499 for one.

That means almost half of those people questioned, or 41.2 percent, would be willing to spend up to \$800 for a computer. When analyzing the remainder of the replies, one finds that 58.8 percent of the respondents are willing to pay \$1,499 for a computer.

These statistics would seem to indicate that the hardware market is on its way to a more stable and profitable future. People are apparently now convinced that they indeed get what they pay for. No doubt at least some of those people polled for this survey had bought a low-end computer as an introduction into the world of computing and found that a \$300 machine has definite limitations. After seeing that they like computing and have witnessed the useful tasks that a computer can do for them, these consumers are willing to trade up to a higher-ticket unit.

Industry experts agree with this assessment, saying that the low end of the business is saturated and the sales growth in the hardware category will come from the mid-range computers.

And this is exactly where the manufacturers are struggling to place themselves. Coleco's "new" Adam is there. At \$750, the unit is aimed at consumers who want to try their hand at operating household management, entertainment and learning software.

Apple's IIc and IBM's PCjr also fit into this price area. The IIc is retailing for about \$1,295 which includes a six-course tutorial introducing the user to the system. The PCjr with a built-in disk drive is now retailing for just under \$1,000, at \$999.

As for why people are buying these computers, by far the largest reason given was for word processing, with 25.4 percent of the 1,152 people questioned saying that

they use a computer primarily for writing, editing and printing text.

The next most widely used task, according to those shoppers surveyed, was education, with 19.3 percent of the total. Working at home was third with 16.9 percent; home management fourth, at 16.5 percent, and playing games was fifth, with 7.5 percent of the total. The remaining tasks, among them accessing information, banking at home, communicating with other computer users and shopping at home, only accounted for 14.4 percent of the principal tasks for which those surveyed would use a computer.

Survey results seem to say that people are beginning to use their computers for more complex tasks than game playing, indicating that future machine sales should remain strong. Many consumers are now beginning to see the merits in a computer that is priced near the \$1,000 mark, rather than wondering why anyone would spend such money.

When people shop for a machine, the most important feature by far, according to the survey, is its user friendliness. Almost half, or 48.7 percent of 1,149 shoppers polled said ease of use was the most important personal computer feature. Price was a distant second with a 16.9 percent figure, with expandability (9.7 percent) and availability of software (7.9 percent) ranking third and fourth, respectively.

Manufacturers are now more aware that many Americans are simply afraid of a computer. Therefore, firms such as Apple and Atari (which has anointed Alan Alda as its chief advertising spokesman) have taken pains to point out how easy it is to use their model. Previously, many suppliers seemed to take for granted that people would buy a unit just because they wanted to join the computer generation. As a result, sales suffered.

In the advertising area, consumers were treated to seeing Alda and perhaps the most talked-about commercial so far this year, the "1984" spot promoting Apple's Macintosh computer.

But overall, those who notice computer advertising and those who don't was split almost down the middle. Out of 1,733 replies 52.7 percent of those queried said they do read computer advertising while the remaining 47.3 percent said they do not.

—Frank Cavalliere
assoc. ed./computers & personal electronics

12th Annual Consumer Survey

Personal Computers

Expected change (%) in personal computer ownership in the next 12 months

	Percent of replies*
Now own	15.3%
Will buy in next 12 months	13.4%
Will own in next 12 months	28.2%
	**

Expected percent change in ownership: +84.5%

*1,733 replies

**Eight respondents (0.5%) now own and plan to buy in next 12 months

Do you notice computer advertising?

	Percent of replies*
Yes	52.7%
No	47.3%

*1,733 replies

How much would you be willing to pay for a personal computer?

	Percent of replies*
Under \$250	9.3%
\$250 to \$399	9.0%
\$400 to \$799	22.9%
\$800 to \$1,499	22.4%
\$1,500 to \$2,499	18.6%
Over \$2,500	17.8%
Average: \$1,331.08	

*398 replies

If you don't own a personal computer and don't plan to purchase one in the next 12 months, why not?

	Percent of replies*
No need	71.1%
Too expensive	27.3%
Other reasons	9.0%
	**

*1,229 replies

**Does not add to 100% because of multiple replies.

What would you want from a store where you buy a computer?

	Percent of replies*
Low price	30.7%
Knowledgeable sales help	19.9%
Service	16.2%
Wide selection	16.2%
Training	14.5%
Installation	1.9%
Other	0.6%

*1,185 replies

If you do notice computer advertising, what do you look for?

	Percent of replies*		
	Main factor	Second factor	Third factor
Description of what computer can do	52.7%	28.0%	8.5%
Price	29.8%	21.2%	22.2%
Technical specifications	9.4%	14.4%	19.1%
List of available software programs	8.1%	26.1%	30.9%
Not indicated	—	10.3%	19.3%

*825 replies

In which kind of store would you feel most comfortable buying a computer?

	Percent of replies*
Computer specialty store	63.5%
Store where you bought other electronics products	36.5%

*1,243 replies

How important to you are the following computer uses?

	Percent of replies*
Word processing	25.4%
Education	19.3%
Working at home	16.9%
Home management	16.5%
Playing games	7.5%
Accessing information	6.7%
Banking at home	4.4%
Communicating with other computer users	1.6%
Shopping at home	1.4%
Other uses	0.3%

*1,152 replies

Which personal computer features are most important to you?

	Percent of replies*
Easy to use	48.7%
Price	16.9%
Expandability	9.7%
Availability of software	7.9%
Power	5.5%
Compatibility with other computers	4.5%
Portability	2.4%
Well-known brand name	2.4%
Good word-of-mouth reputation	2.0%

*1,149 replies

VIDEO & AUDIO

Fantasy laserdisc game can recognize voices, give hints

By Stephanie Flory, sr. associate editor
CHICAGO—Imagine selling a magical fantasy videogame that recognizes the user's voice, gives hints and even jokes around. This dream has become a reality with Halcyon, an interactive videodisc game with artificial intelligence by RDI Video Systems.

The system was developed by the creators of Dragon's Lair and has a vocabulary of 1,000 words programmed into its memory. Six adventure games featuring quality animation will be available to play with the system.

"We're positioning the game as a 'life experience' rather than as simply a videogame," declared Paul Anderson, vice president, marketing, RDI Video Systems. The game uses a specially adapted laserdisc player, a back-up keyboard and a headset and microphone to allow the user to funnel spoken commands to the Halcyon unit. Suggested list price is \$2,000.

RDI Video Systems is gearing Halcyon to video and computer specialty stores in addition to high-end department stores, according to Anderson. Halcyon will be shipped in September to stores in New York, Los Angeles, San Diego, Chicago and San Francisco. It will be rolled out on a national basis at a later date.

Two to three videogame laserdiscs will be available upon initial shipment, with the remainder appearing on the market by the end of the year. Pioneer is pressing the laserdiscs.

Not just a videogame

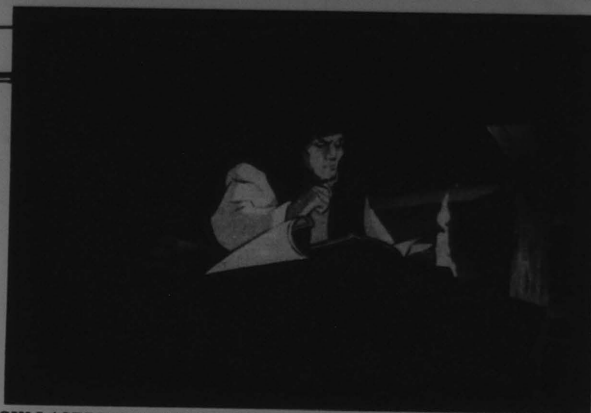
Like the popular arcade game Dragon's Lair, Halcyon uses a specially adapted laserdisc player with an animated disc to create a narrative world where the player makes the choices for the characters and the outcome of each game is based on those decisions. But the similarities between Halcyon and Dragon's Lair end there.

"Halcyon creates entire worlds to enter, explore and experience," said Rick Dyer, president of RDI Video Systems. "These worlds are called Halcyon adventures. Unlike the linear, repetitive structure of arcade-style videogames, Halcyon adventures

change each time they are experienced."

It takes about 100 to 200 hours to master each Halcyon adventure, according to Anderson. The user becomes actively involved in controlling each adventure merely by speaking or using the keyboard. Each maneuver requires strategy and sharp wits.

Should the user enter the Dark Castle or read the ancient spell? Should he run from danger—or face it? These are some of the choices the
(Continued on page 94)



SIX LASERDISC GAMES will be available for RDI Video Systems' Halcyon game. Shown is a frame from *Voyage to the New World*, a game which takes the player into a vast wilderness. Pioneer is pressing the laserdiscs.

Canon proudly presents
The

Canon Color Video Camera

Canon VC-30
STEREO COLOR VIDEO CAMERA
HYBRID SATCON

New VT-30A Tuner/Timer

New VT-40A Tuner/Timer



A "LIFE EXPERIENCE," not simply a videogame, is how RDI Video Systems' Halcyon laserdisc game is being positioned, says Paul Anderson, vice president, marketing.

Peripherals market pegged to reach \$1 billion in '84

By Ken Coach, contributing editor

CHICAGO—The computer industry has a new bandwagon it has begun urging retailers to jump onto... a new promise of profitability that goes by the name of peripherals.

With approximately five million computers expected to be in homes by the end of the year, the aftermarket for such things as disk drives, modems, joysticks, printers and monitors is expected to reach a billion dollars this Christmas.

Some research companies, such as the Yankee Group, are predicting the sales of peripherals will soon surpass the dollar value of home console sales.

The increase in peripheral demand is attracting more manufacturers and putting downward pressure on prices. While lower prices will help fuel consumer interest in peripherals, many people in the industry are worried that margins may be cut as they were in consoles and in software.

At the CES, peripherals were on most retailers' shopping lists, particularly products for low-end machines such as the Commodore 64 and units by Atari.

Maintaining margins

So far, vendors seem prepared to maintain dealer margins on peripherals even though prices have started to decline. Increased production has cut manufacturing costs and high consumer demand has eliminated a need for discounting.

"Peripheral companies must be careful not to start the same aggressive price positions that were taken with keyboards," according to Okidata national sales manager Ron Morrison.

Okidata has released a four-color printer for the Commodore and Atari computers as its first entry into the low-end peripheral market. The Okimate 10 is aimed at mass merchandisers and will likely end up selling for around \$200.

Educational software must have entertainment value

By Frank Cavalliere, associate editor

CHICAGO—This is going to be the year for educational software with entertainment value, according to software publishers exhibiting at last month's CES.

Almost all have joined the rush away from videogames and into the educational market, although each is taking a different path.

For some, the answer lies in licensing a well-known character or name to draw attention to the product. Others cling to the belief that it's quality the customer wants, above and beyond all else.

Opinions were also divided on the effectiveness of alternate input devices such as light pens and touch pads, and their application to educational software. And the vendors disagreed about the future of electronic distribution—although all seem fascinated by the prospect.

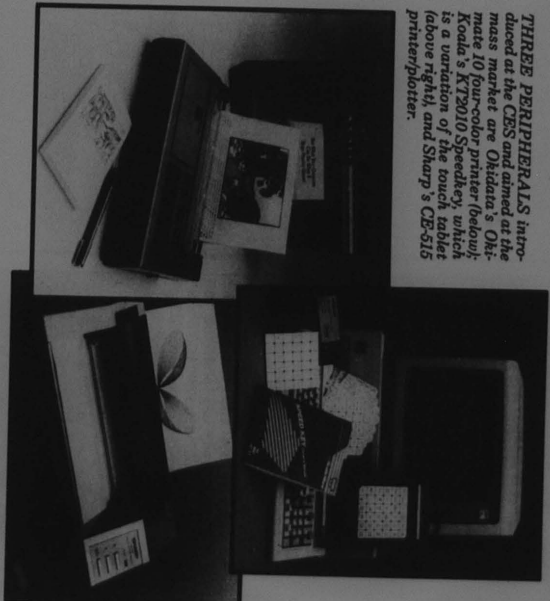
Perhaps the only area of agreement was over piracy. Both exhibitors at CES and Comdex/Spring '84 were united in saying it must be stopped, although they offered varying ways of accomplishing this.

expected interest in peripherals at the CES. Although disk drives and printers are the current favorites, Future Computing says the next wave will be in home communication add-ons, such as modems.

Controllers hold steady

Meanwhile, joysticks and game controllers are still drawing consumers back into computer stores and have maintained stable margins. The marketing manager for Wico,

THREE PERIPHERALS introduced at the CES and aimed at the mass market are Okidata's Okimate 10 four-color printer (below), Kodak's K12010 Speedkey, which is a variation of the touch tablet (above right), and Sharp's CE-515 printer/plotter.



release a similar four-color printer for the Apple computer line.

Mass merchandisers are eager to expand their assortment of computer-related skus. In a Yankee Group survey of 60 retailers representing more than 10,000 outlets, 90 percent said they will add more third-party peripherals within the next year.

Other research firms also see an upcoming boom in the peripheral market. Future Computing cut its prediction of the growth in software sales after seeing a larger-than-

Looking into a crystal ball, Michael Gutman, national sales manager, electronic publishing division for Random House, Inc., said, "The big winners this fall will be educational software with entertainment value." Gutman made sure to point out that his firm's Snoopy Scrambler series falls into the category.

"Why are most people buying computers? They're getting them for education. A child should have fun with a computer, but he should learn at the same time," Gutman added.

Provide proper environment

Mercer Mayer, executive vice president of Angelsoft, Inc., provided an additional hint. "Educational software doesn't do anything by itself. You have to provide an environment to bring the children in, and then they'll learn," he said.

The problem, Mayer's boss, president John Samserever, said, is that "Educational games all still look the same."

As far as First Star Software, Inc., president Richard Spitznagel was concerned, the shift to educational soft-

Craig Horwitz, said there is no pressure to lower the price of controllers because replacement joysticks have always been a good value.

His company is now trying to promote controllers as ways to improve upon the keyboard. It has released a mouse controller and a trackball with mouse functions.

"Peripherals," Horwitz said, "should be designed to make it easier to use the computer."

That philosophy has also been (Continued on page 59)

Entertainment value

were inevitable. "The writing has been on the wall for a long time," he said. "The marketplace has been well perceived for about a year. Quality, however, takes time. It will take a Romper Room type of product to be successful—the type of software that's been tested and teacher approved."

The question of whether to seek a license for an educational line drew mixed reactions from the show floor. Many vendors cited the advantages of having a well-known character as a promotional tool, while others maintained that quality sells above all and that consumers are becoming increasingly wary of licensed products. "Licensing creates title awareness and gets it on the charts," First Star will begin shipping a Romper Room line of pre-school software in September.

Also taking the pro-licensing side was Gutman who said having the Peanuts characters was "a natural" for a major publishing house such as Random House. "The licensing (Continued on page 59)

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Limited computer hardware intros stress productivity

By Lee Raich, editor

CHICAGO—The computer industry appeared to take a breather at last month's CES. "Calm replaced craziness at this show," commented Future Computing vice president Tricia Parks. "Last June, there were so many products we could barely stand it."

Such was not the case this year. The MSX machines, which had been expected to shake up the market this fall with their standardized operating system, failed to materialize from the Japanese manufacturers. American vendors showed only a limited amount of new product. And what was new was carefully aimed to answer the consumer's call for productivity-oriented products that are able to fulfill a need.

Of the companies that have made their presence felt in the mass market in recent years, Commodore introduced two new machines: the Plus/4, a slightly revamped version of the 264 shown in January, and the Commodore 16, a replacement for the VIC 20. Atari talked about, but did not display, a high-end model that will be out this fall, priced slightly under \$1,000. And Coleco showed what it had dubbed "The 1984 Adam," which looked much the same as the 1983 version, but with new internal components and a new, higher price tag. Several other companies, including Canon, Royal, Sharp and Sanyo, took the opportunity to make their presence felt in the market, albeit at the high end.

Calm before the storm

But the calm that permeated the CES did not last long. The day after the show closed, IBM (which had not participated) announced 18 to 23 percent price reductions on its computer line, including the PCjr. The move set off what many feared would be yet another round of price cuts, this time affecting the more expensive computers which had escaped earlier downward spirals.

With the industry looking like it was starting to stabilize, forecasters participating in various CES seminars were looking for a strong year in computer sales. According to EIA/CEG statistics released at the show, home computer shipments should reach 5.3 million units this year, up from 4.8 million in 1983. Even better was the news that the average price of a home computer is expected to rise slightly this year—to \$410, up from last year's low of \$406, which was down from \$650 the year before.

Casio president John McDonald, chairman of the EIA/CEG computer division, commented that, although the rate of growth is slowing somewhat, "sales are, for the most part, now profitable."

Nevertheless, the market remains in something of a state of flux. When the anticipated debut of the MSX machines at the CES failed to develop, Future Computing immediately dropped its projections for computer sales for 1984, claiming that the absence of the new products would hurt the entire market.

Although MSX units were being shown behind closed doors at the show, manufacturers, including Sony, Fujitsu and others, say they are delaying entry until spring, pending development of software and availability of certain parts.



NEW FROM COMMODORE is the Plus/4, designed as a productivity machine to answer consumer demands. The unit, expected to sell for slightly more than \$300, will be out in time for Christmas.

MSX's delayed entry will give existing computer manufacturers "a new lease on life," commented Future Computing's Parks.

Meanwhile, the nature of computer sales is changing. Clive Smith of the Yankee Group pointed out: "There has been a dramatic shift in the types of units sold. The 16K and under market is essentially dead, and it was the biggest market segment just last year."

Parks agreed. "The productivity home computer is the fastest growing," she said. "Novelty computers are dead."

"The low end of the market is saturated, and the mid range is getting there," added Harold Vogel, vice president, Merrill Lynch.

Manufacturers responded to the shifting market by introducing machines keyed to take advantage of the move upward. Some sought to fill

what Clive Smith called "the hole in the market," the elusive "system or semisystem" at the \$500 to \$1,000 price point.

Prime among the new products was Commodore's Plus/4, which will be available this fall and is expected to sell for a little more than \$300. The machine is a modified version of the 264 that Commodore showed at the January CES.

Built-in software feature

Built into the 64K computer is software that offers integrated word processing, spreadsheets, database management and graphics programs.

According to Commodore president Marshall Smith, the new unit is designed to appeal directly to people needing a productivity tool.

Commodore also introduced the Commodore 16, a 16K machine designed as a replacement for the

Tandy's Roach: computer benefits today's youth

By Frank Conditore, associate editor
ATLANTA—Today's generation of teenagers and young adults will have an advantage over Mozart, Pascal and Thomas Edison in their struggle to achieve a place in history.

The edge is in the form of computers, said John Roach, president, chief executive officer and chairman of the board of the Tandy Corp. In his opening address here at Comdex/Spring 84, which drew 45,000 attendees to 850 exhibits.

"In the course of two short decades, beginning in 1977, most productive Americans will become computer users. Why? Because a computer has real utility and expands the capabilities of the mind," Roach said.

"Just think about it, some of the all-time greats who didn't have the help of computers—Mozart, who began writing minuets at age five; Pascal, who wrote his first mathematical theory at age 16, and Thomas Edison, who received his first patent at age 21. Our young people will have the mind-expanding capabilities—the mental advantage of a computer."

Roach predicted the future office computer will replace the calculator, dialer, typewriter, appointment book, address book, clock, personal computer and possibly the telephone. The home computer will connect its user

to electronic mail, shopping, banking and informational services and in the classroom the computer will free teachers from paperwork while replacing them in certain teaching tasks.

In his wide-ranging speech, Roach



TO BE REPLACED by the future of the computer will be the calculator, dialer, typewriter, clock and possibly the telephone, declares Tandy's president and CEO John Roach.

popular VIC 20. Created primarily as a literacy machine, it will be available by Christmas.

Although it did not display its new computer, Atari was showing its new high-end unit to software publishers, aiming to have a large library of titles available for the unit soon after its release this fall.

Atari senior vice president of marketing Dave Ruckert announced that the new 64K unit, which has yet to be named, will sport a built-in disk drive, a built-in modem, voice synthesis and an expansion box that will broaden the computer's capabilities. A special database will be created for owners of the new machine to supply them with information about the computer.

Although no price was announced, the unit is expected to cost under \$1,000.

The news from Coleco was that the star-crossed Adam had been overwhelmed for 1984. Now carrying a suggested list price of just under \$750, the unit includes components made by JVC, Matsushita, Motorola, Texas Instruments and NCR. According to the company, "These trusted names are working together under precise manufacturing specifications and tough inspection standards to ensure Adam's reliability and performance."

To reassure consumers, the warranty program has been doubled to six months.

A number of manufacturers took advantage of the CES to enter the computer market or expand existing product lines—all at the high end of the spectrum.

Canon showed an IBM-compatible computer that is expected to sell for \$2,495 and will be available in the fourth quarter. As yet unnamed, it will be aimed at a wide variety of retailers selling computers into both the home and business markets. (Continued on page 99)

today's youth

also offered his views on such topics as the possibility of a standard disk operating system and the notable absence of foreign competition from many industry trade shows.

"IBM is not standard within itself," he declared. "Just look at the PCjr, the PC, the 3270 PC, the Data Master, the Display Writer. Tandy is not standard within itself. Nor is Apple. So I think true standards are highly unlikely within the industry, particularly with the prevalence of U.S. manufacturers and the level of innovation possible through technology in the industry."

As for foreign competition, Roach did not find the Japanese absence from this spring's Comdex much of a shock.

"I don't think this is too surprising when you look at it as a promotion and distribution business. The facts are, however, the Japanese are major participants in the microcomputer market—most printers are made in Japan, many keyboards, power supplies, monitors and now disk drives are made by Japanese companies," he declared.

"I expect this type of subassembly trend to continue and increase until they can bring something extraordinary to the market in performance, price or application," he concluded.

NEWSLINES COM- PUTERS



In-Search puts 200 databases at your customers' fingertips



Apple Computer Inc. cuts rep firms

ATLANTA—Getting into financing, Epson America, Inc., is offering what it says is the most comprehensive consumer financing program in the industry. The Epson Plan lets customers finance any brand of computer, printer or software directly through Epson dealers. There is no cost to the retailer for the program, noted Scot Edwards, Epson's marketing services manager in the computer products division. "We want to be in partnership with our dealers."

Epson is also holding a three-month sales promotion for printers. The campaign, begun in June, includes a software giveaway, dealer sales and display contests and a national advertising program supplemented by a co-op plan.

CHESTNUT HILL, MA—One is better than two. Or so thought Northeast Expositions, which has merged the 1985 spring and fall Softcons into a single event to be held in Atlanta from March 31 through April 3.

"Given the huge oversaturation of computer shows today, we felt it was in the best interest of Softcon and the software industry to focus on a single, annual spring event—rather than diffuse it across multiple shows," said Bill Mahan of Northeast Expositions.

MOUNTAIN VIEW, CA—Activision signs software deal with Japanese company. The video-game manufacturer announced a licensing agreement with Pony Inc. of Tokyo, for the exclusive distribution, manufacturing, marketing and promotion rights to Activision MSX software in Japan.

Under the agreement, Pony obtains the rights to Pitfall II, Lost Gaverns, River Raid, Beamrider, Keystone Kapers, Space Shuttle: A Journey Into Space, Zenji, H.E.R.O. and The Activision Decathlon. Additional titles will be added later this year. In Japan, the installed base of MSX systems is expected to reach between 500,000 and 750,000 homes by the end of 1984, with as many as one million systems expected to be used by March 31, 1985.

ATLANTA—Your customers can access more than 200 databases instantly with the help of a new software program, In-Search, from Memo Corp. The product, now available for IBM and TI computers, affords easy access to Dialog Information Services, Inc., via a modem. Dialog, in turn, offers access to the databases, which can provide information on everything from business to law to engineering. Although Dialog is accessible without In-Search, users without the program must be trained in how to access the system.

"Our program makes it easy for people to use the databases," said Memo Corp. vice president Robert Tabke in an interview at Comdex/Spring '84. "We wanted to bring down the barriers between people and the information they need." The program, which carries a suggested retail price of \$399, is being sold through a variety of computer dealers. Although it is now geared to business people, Tabke sees a day when In-Search will be viable for the new home market as well. "The cost of using the databases must come down," he said. "And as more people use them, that is bound to happen."

NASHVILLE—Ingram Software programs will be sold in Waldenbooks outlets. The software firm is supplying the nation's largest bookstore chain with educational, home productivity and entertainment software. Over 150 Waldenbooks locations are involved in the agreement. Ingram will support the chain's ComputerCenter with updated software information, labelled Program Profiles, a consumer-oriented directory.

MINNEAPOLIS—Counterpoint Software changes its name. The firm is now known as Springboard Software, Inc. as of early last month. The name change is part of a company-wide program to enlarge operations that also includes a staff restructuring, new program titles and a new headquarters.

"We felt that the name Springboard more accurately reflects what our software does. It provides an educational springboard to enjoyment and learning," said R. Rand Ross, the firm's general manager. Ross recently joined Springboard from the 3M company where he was director of consumer development.

Other staff additions included the naming of John Paulson to the position of vice president for product development; Don Giacchetti, vice president of finance and administration; Duane Halter, vice president of sales; Karen Lansing, director of marketing and creative development; Greg Knight, manager of sales, and Mark Dunn, manager of product development.

CUPERTINO, CA—Apple won't use rep firms, as of Oct. 1. The industry giant said last month that it plans to work directly with its 1,600 authorized dealers, instead of continuing to rely on manufacturers' representative firms to represent Apple in the United States and Canada.

The new structure will help Apple save money in the marketing and sales administration areas, said company vice president of sales William Campbell. "Apple's manufacturers' representatives have represented us well to our dealers. However, as Apple grows into a multi-product, multi-billion dollar company, we have both the opportunity and the need to bring economies of scale to our marketing and sales administration," he elaborated.

MANAGEMENT MOVES—Earl Andrew has been named to the new position of vice president of international operations for Corona Data Systems, Inc., a manufacturer of IBM PC-compatible desktop and portable computers. Corona also promoted Sid Williams from vice president of manufacturing to vice president of domestic operations, a corporate-level position. Softsell formerly at Vivitar Corp. in a similar position...Activision, Inc. named Dick Lehnberg to the newly created position of vice president, affiliate labels. He will be responsible for pursuing Adam Chovaniec has been appointed to the new post of assistant vice president of technology at Commodore...Four officers were named at CBS Software. They are Barry Dana, vice president of sales; John Rosen, vice president of marketing; Marylyn Rosenblum, vice president of product development, and Robert Lovler, vice president of operations...Linda Feldman has been promoted to director of corporate communications and marketing research at Arrays, Inc./Continental Software and The Book Division.

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COMPUTERS

Worthwhile peripherals will generate sales for entire computer market, vendors report

(Continued from page 56)

adapted by Koala Technologies. One of the new products it showed at the CES was Speedkey, a variation on the touch tablet, designed to simplify complicated application software such as Wordstar and Lotus 1-2-3.

Koala's vice president of marketing Michael Doepeke believes his company can maintain margins by clearly differentiating its products in the marketplace.

He also said good peripherals will be necessary to maintain sales of home computer consoles.

"The easy sell is over for computer makers," Doepeke said, "but we feel a friendly input device can bridge the gap for the rest of the potential market."

Sharp Electronics is also wary of the home computer market. The company has a low-end machine

which sells well in Japan but has no plans to introduce it to North America.

Instead, Sharp jumped into this market with its portable PC5000 and is now widening its niche with computer peripherals. At the CES, the company introduced an under \$400 plotter and a small line of monitors.

Sharp's general manager for computer systems in the industrial equipment division said the industry is starting to reach the point of diminishing returns on both hardware and

software products.

Franklin Barbosa also warned that peripheral manufacturers are in danger of overextending themselves.

"You have to ship in excess of 200,000 units a year to really take advantage of economy of scale," he said, "and that takes a well-funded company with good distribution channels."

Barbosa maintains that such companies are the only ones in a position to maintain dealer margins when peripheral prices start to drop.

"Everyone wants to sell the mass merchant because they don't require support from the manufacturer," he stated, "but we feel you have to work with both channels."

Another new form of peripheral which is gaining in popularity combines hardware and software such as the AtariLab series.

That trend is expected to be picked up by a number of third-party vendors who are now concentrating on hardware and software solutions to computer needs.

The president of Suncom, Inc., Howard Leventhal calls it "peripheralware" and expects to see a trend toward "new hardware products bundled with the software to run them."

Peripheral makers plan future TV ad campaigns

CHICAGO—Consumers have become used to seeing television ads for home computers but are they, and are the manufacturers, ready for the next step: commercials for peripherals?

Wico and Koala have both experimented with TV and both have indicated they will do so again. In addition, many software companies are planning television ad campaigns.

The marketing ante for computer products has definitely been upped and the result could eventually lead to a further thinning of the market.

In the meantime, however, there is still some discussion over just when TV advertising becomes worth the investment. Tricia Parks, vice president of the home computer group division of Future Computing, told CES attendees that the magic number is a 15 percent installed base.

She said the current installed home computer base is eight or nine percent, which makes TV advertising close to viable for some software and peripheral manufacturers.

Some companies have already gotten their feet wet in the broadcast medium with mixed results. Koala Technologies marketing vice president Michael Doepeke was not impressed with the results of his company's TV ad campaign.

"TV was pretty much an ego trip for us last year," he said, "I don't think that it really made sense."

Doepeke was quick to add, however, that this year could be a different story and Koala is taking another look at TV, particularly cable television where rates are cheaper and the audience is more targeted.

Wico is also looking for a more specific target to aim at with TV ads for its joysticks and controllers.

Last year, the company bought spot ads which marketing manager Craig Horwitz claims were definitely worth the expense, both in terms of increasing sales and in boosting dealer confidence in the product.

Wico will only appear during game shows because that is the kind of consumer the company wants to reach. During the Christmas buying season, dealer tags will be added to the commercials.

—K.C.

Dealer friendly.

In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

They'll give you fewer service problems, thanks to the famous Zenith reliability and commitment to quality. Zenith knows video: who can make better monitors than the company that has been making better television sets, over sixty million of them, since 1948?

When it comes to your bottom line, Zenith monitors provide exciting profit opportunities, with generous margins available on every model.

Best of all, Zenith monitors will delight your customers, with advanced features and dazzling graphics that enhance virtually any personal computer. Including Zenith's own exciting IBM-compatible Z-100 PC's.

Find out more about "dealer friendly" monitors by calling 1-800-842-9000, ext. 2, for the name of your nearest Zenith Data Systems distributor.

(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

ZENITH

data systems

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COMPUTER PRODUCTS

Chalk Board intros first educational talking software

ATLANTA—Chalk Board, Inc., announced that three of its new products will be compatible with the Apple IIc computer. One of the products will be the computer's first talking piece of educational software, Chalk Board claimed.

The program, called Bearjam, proposes to help small children sharpen their visual and reasoning skills by playing a variety of games with an animated bear. The Apple IIc version will retail for \$39.95, including the voice option whereby a child can learn to use the computer by hearing it and responding to it.

To use the voice feature, user must buy the Cricket, which provides

speech and music synthesis, as well as sound effects generated by the Apple IIc.

The second product, MicroMestre, can be used for learning music, notes, scales and chords which are reproduced in sound and on the screens. It can be used with or without Cricket and sells for \$29.95.

The third new product developed for the IIc is Super Graphics, a \$199 touch pad which creates basic shapes with the touch of a button. The Super Graphics disk provides a printer driver interface for selected printers, including Apple's Scrib printer.

Chalk Board, Inc., 3772 Pleasantdale Road, M. Atlanta, GA 30340.

KA Design offers pointing device

OAKLAND, CA—A keyboard-mounted pointing device that's two-in. square and a half-in. thick has been introduced by KA Design Group. The item, called a Keyboard Puck pointing device, has three software-definable buttons on top and performs the same functions as a mouse without the need for additional desktop space. An optional numeric keypad can be placed on top of the Puck allowing keyboard manufacturers to install the puck in the same space usually occupied by a conventional keypad.



KA Design Keyboard Puck

The Puck can address a grid with resolution of up to 256 by 256. KA Design, 6390 Telegraph Ave., M. Oakland, CA 94609.

Atari unveils 7800 ProSystem console

NEW YORK CITY—Atari Inc. has unveiled the 7800 ProSystem, which represents the high-end model in the company's videogame console line. The console can display more than 100 video characters simultaneously and features an expansion interface. The console also has new controllers, which are smaller than earlier models. They have a self-centering joystick and independent firing buttons.

All game titles for the firm's low-end 2600 VCS can be run on the 7800 model without an adaptor. In addition, the user can use the console as a home computer by attaching an optional keyboard to the system. The



Atari 7800 ProSystem

7800 ProSystem will be shipped this month and will retail for \$150. Atari Inc., 1265 Borregas Ave., M. Sunnyvale, CA 94086.

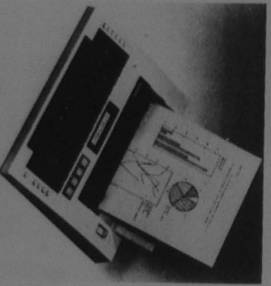
Brother introduces Type-a-Graph unit

PISCATAWAY, NJ—Brother International's new Type-a-Graph can reproduce pie graphs, line graphs and bar graphs in four colors, as well as print standard letters.

The Type-a-Graph types in black, red, green and blue, and in three sizes: headline large, standard medium and small. As well as typing up, down and across, it plots, on command pie graphs, line graphs and bar graphs in all four colors. Each graph can also be plotted in three sizes.

Weighing less than six lbs. and standing only 2-1/2-in. high, the Type-a-Graph fits easily into a standard attaché case and includes its own carrying case with a built-in handle. It operates on batteries or an AC adaptor, which is included.

Other features include a 15-character visual display and memory corre-



Brother's Type-a-Graph

tion system; special command keys that allow the insertion of letters, words and phrases; repeat typing on all keys; motorized paper feed; tabulator and a built-in calculator.

The Type-a-Graph retails for \$349.95. Brother International, 8 Corporate Pl., M. Piscataway, NJ 08854.



Apple Imagewriter

Wide carriage unit unveiled by Apple

CUPERTINO, CA—A wide carriage model of its Imagewriter dot matrix printer is now available from Apple. The new printer is suited for producing documents that require paper such as spreadsheets, forecasting models,

budgets and data processing reports.

The Wide Carriage Imagewriter uses paper from three to 15 in. wide and is compatible with Apple II and III personal computers. Both the standard size and wide carriage models print in a seven-by-nine dot matrix at a rate of up to 120 characters per second. They also feature eight character fonts and provide variable resolution, pitch and line spacing. Various fonts, underscoring and sub- and superscripts can be mixed in the same printed line. Both printers use either friction-feed or adjustable-width pin-feed tractors.

The unit comes with connector cables, user's guide, applications manual and software for printing high resolution graphics. The Imagewriter retails for \$749.

Apple Computer, Inc., 20535 Mariani Ave., M. Cupertino, CA 95014.

IBM PCjr gets color display

DELRAY BEACH, FL—IBM has introduced a color display for its PCjr model. The direct drive display has an 80-column mode for text display which, the company said, offers better character definition and clarity than color composite monitors. The

Carrying case has built-in charger

COLUMBIA, MO—Discwasher has announced the introduction of a carrying case with a built-in rechargeable power system for the Apple IIc. The company says the product will convert the computer into a fully configured portable unit.

Labelled the CARL, the bag holds the IIc and peripherals at a total weight of 20 lbs.

The CARL is made of Cordura nylon with a combination metal and foam support system. The power system is capable of running the IIc for three to five hours without recharging. The system retails for \$249.95.

Discwasher, 1407 N. Providence Road, P.O. Box 6021, M. Columbia, MO 63205.



Fournier computer desk unit

Six-piece station holds most models

MINNEAPOLIS—Fournier introduced what it said was a complete computer workstation for under \$500. The unit is made up of six pieces which are sold separately. The shelf for a monitor is adjustable to accommodate most monitors, the company said.

Fournier Accessory Furniture, Inc., 5040 Winnetka Ave. North, M. Minneapolis, MN 55428.

Digital Research debuts design software

PACIFIC GROVE, CA—IBM PC users can make high-resolution color slides and prints of graphics, charts or

text with Presentation Master from Digital Research, Inc. The package includes DR Draw and DR Graph software programs with tutorial and diagnostic diskettes, a Polaroid computer image recorder, a 35mm instant slide system and documentation.

The software is used to design the image on the screen. The image recorder then accepts the data via the computer's color graphics board to reproduce the image on film. Exposed rolls of 35mm instant film can then be developed on the spot.

Suggested retail is \$1,995. Digital Research, Inc., 160 Central Ave., M. Pacific Grove, CA 93950.

NEW RELEASES IN SOFTWARE

COMPUTERS

GAMES

AMAZON, Spinnaker-Trillium division. Apple II series, Commodore 64 with disk drive-compatible. Available in August. Suggested retail \$44.95, Apple versions; \$39.95, Commodore version.

BELOW THE ROOT, Spinnaker-Windham division. Apple II series, Commodore 64 with disk drive-compatible. Available in September.

CENTPEDE, Atari-Atarisoft division. IBM PCjr-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

DONKEY KING, JR., Atari-Atarisoft division. Commodore 64, Apple IIe and IBM PC-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

DRAGONWORLD, Spinnaker-Trillium division. Apple II series, Commodore 64 with disk drive-compatible. Available in August. Suggested retail \$44.95, Apple versions; \$39.95, Commodore version.

GREMLINS, Atari-Atarisoft division. Commodore 64, Apple IIe and IBM PC-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

MOON PATROL, Atari-Atarisoft division. IBM PCjr-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

SHADOWKEEP, Spinnaker-Trillium division. Apple II series, Commodore 64 with disk drive-compatible. Available in August. Suggested retail \$44.95, Apple versions; \$39.95, Commodore version.

SWISS FAMILY ROBINSON, Spinnaker-Windham division. Apple II series, Commodore 64 with disk drive-compatible. Available in September.

TRACK AND FIELD, Atari-Atarisoft division. Commodore 64, Apple IIe and IBM PC-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

TYPO ATTACK, Atari-Atarisoft division. IBM PC, IBM PCjr, Apple IIe, Commodore 64 and Commodore VIC 20-compatible. Available now. Suggested retail \$34.95 on disk; \$44.95 on cartridge.

WIZARD OF OZ, Spinnaker-Windham division. Apple II series, Commodore 64 with disk drive-compatible. Available in September.

LEARNING

AEC SPELLING, American Educational Computer. IBM PC, IBM PCjr, Apple II series, Atari series, Commodore 64 and Tandy/Radio Shack TRS-80-compatible. Available now. Suggested retail \$39.95.

GRAMMAR EXAMINER, DesignWare. Apple II series, Atari series, Commodore 64 and IBM series-compatible. Available in August. Suggested retail \$44.95.

HOME ACCOUNTANT, Arrays/Continental. Apple Macintosh and Apple IIc-compatible. Available now. Suggested retail \$99.95.

LEARN TO TYPE, Arrays/Continental. Apple IIe, Apple IIc, Apple Macintosh, IBM PC, IBM PCjr, Atari series and Commodore 64-compatible. Available in August.

Suggested retail \$39.95.

MISSION: ALGEBRA, DesignWare. Apple II series, Atari series, Commodore 64 and IBM series-compatible. Available in the fall. Suggested retail \$44.95.

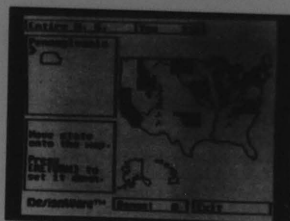
NOTABLE PHANTOM, DesignWare. Apple II series, Atari series, Commodore 64 and IBM series-compatible. Available in August. Suggested retail \$49.95.

ROMPER ROOM, First Star. Commodore 64, Apple II series and Atari series-compatible. Available in September.

RUNNING PROGRAM, Meca. IBM series, Compaq and Compaq Plus-compatible. Available now. Suggested retail \$79.95.

SAFETYLINE, Maximus. Commodore 64 and Apple II series-compatible with cassette recorder. Available now. Suggested retail \$39.95.

STATES & TRAITS, DesignWare. Apple II series, Atari series, Commodore 64 and IBM series-compatible. Available now.



STATES & TRAITS, DesignWare. Apple II series, Atari series, Commodore 64 and IBM series-compatible. Available now.

PERSONAL FINANCE

GET RICH: STRATEGIES, VOL. I, Arrays/Continental. Apple II series, IBM series, Atari series and Commodore 64-compatible. Available in September. Suggested retail \$49.95.

MANAGING YOUR MONEY, Meca. IBM series, Compaq and Compaq Plus-compatible. Available now. Suggested retail \$199.95.

SKIWRITER, Prentice Hall. Commodore 64 and IBM PCjr-compatible. Available in September. Commodore 64; October, IBM PCjr. Suggested retail \$69.95.

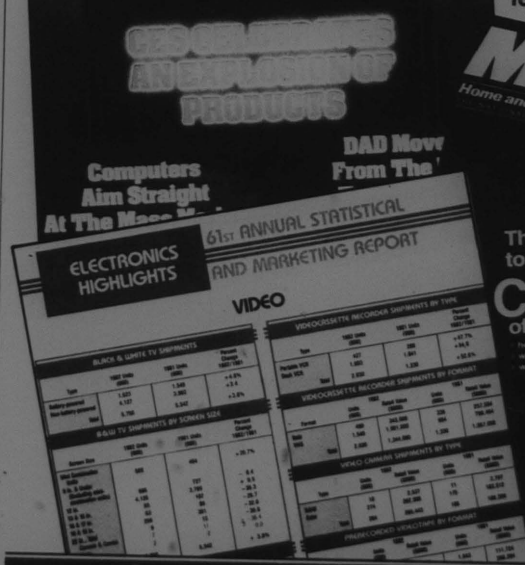
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Merchandising
Your Source For Home/Auto Electronics



Vendors rush educational software market; question feasibility of electronic distribution

(Continued from page 56)

agreement provided our initial push into educational software, and we're very happy with the results so far," he said.

The opposite view was offered by Donald Thompson, vice president and director, consumer products division of American Educational Computer (AEC), Inc. "Our license is our curriculum. We know what's being taught in the schools and how to reinforce that. Our program sells itself," he said.

Spinnaker's director of marketing Jay Mixer added, "You'd be lucky if the consumer makes the connection between a manufacturer and a license. Mostly, he won't remember."

"Spinnaker is more important to

the consumer than a particular game title," he added.

The company currently is promoting a Fisher Price software series. But Mixer said he thinks people will buy the product first because it's from Spinnaker and, to a lesser degree, because of the Fisher Price name.

Two future developments

Both new user interface technology and electronic distribution were also discussed at the show.

The problem with mice, light pens, touch screens and the like, according to Mixer, is that they represent a small market. "Our position has always been that you can't make a market for a third-party peripheral," he said.

Royal seeks 1st-time computer user; Sanyo goes after small businesses

(Continued from page 57)

reported Shirley Lacy, marketing assistant, Canon systems division.

Royal, which had showed its Alpha-tronic PC before, announced that it started shipping the product the first week in June to 100 dealers. It is being sold through department stores that have shown a commitment to computers as well as through specialty outlets, said Robert Von Bargen, vice president of sales, consumer products.

"We're aiming at first-time computer buyers, those people who are used to buying typewriters, calculators and copiers from us already," he said. "They know the Royal name. And they know that we're not going to disappear tomorrow."

Royal is offering a \$995 Business Productivity System with hardware and bundled software, including PeachText and PeachCalc.

Sanyo, which has been in the personal computer market for two years, reported that its MBC 550/555 computers are selling at a rate of 10,000 units per month, or enough for it to get its own end-user magazine, pointed out Paul Wagner, regional sales manager in the computer division.

Being sold through all kinds of outlets, including Rich's department stores and New York's Crazy Eddie's,

the Sanyo products are going both into the home and into small businesses.

"Our \$999 price point (for the 550, a single-disk-drive model) has taken us into a number of homes," said Wagner. "But our real marketplace is the 90 percent of the small businesses in the U.S. that are not yet computerized."

Also targeting the business market with its first computer is Sharp. Sharon Crook, computer systems program manager, said the company's PC-5000, a \$1,995 portable, is only the first of a line. "In Japan, Sharp is the third largest supplier of computers," she said. "We have the technology, we have the products. And we will choose what to bring to the U.S. market."

The next unit will probably be a notebook-sized model, followed by a transportable and a desktop unit. While the home market is not out of the question, "we are avoiding it now," said Crook, whose company is an MSX licensee. "We believe it's further in the future than many people think."

"It's hard enough to find someone with a compatible piece of hardware. Then when you ask how many of those people actually want the peripheral to go with that hardware, you're talking about a very limited market. Some of the interfaces are wonderful, but are they necessary? No, they're not," Mixer added.

Angelsoft's Sanseverio doubted that light pens and their input cousins would be broadly accepted by the American consumer. "I think we'll develop a keyboard-literate population. Besides, nothing has excited our imagination in the interface area, but we'll be open to the possibility of something innovative," he said.

First Star's Spitalny said if alternative devices catch on it will have to be in a bundled situation; "Buy a touchpad and get a computer," as he put it.

"I think as you deal with the younger children, as graphics improve, the prices will come down and the technology will be 'doable,'" he said.

"I think you'll see them have their place in education," agreed AEC's Thompson. "The only disadvantage is that it necessitates a peripheral purchase by the consumer. But prices are coming down. If I were saying that by January 1986 a meaningful interface technology will develop I probably wouldn't be too far off."

Electronic distribution was one area where manufacturers seemed somewhat fascinated by future possibilities.

Spitalny was intrigued. "It's a sound theory from a retailer's and publisher's point of view, but it suffers in the packaging area. Part of the purchase is touching and feeling the package—the browsing concept," he said.

"There are so many positive economic reasons for electronic distribution, such as the retailer being able to offer his entire inventory on a single blank cartridge. But the current situation will prevail for the foreseeable future," Spitalny added.

Scarborough Systems, Inc.'s, vice president of marketing, Sanford Bain, was succinct. "I don't think retailers

are going to make the hardware investment," he said.

He revealed that Scarborough is working on an arrangement with a local telephone company whereby customers will be able to order his firm's software products without leaving their chairs.

Another problem hindering acceptance of electronic distribution is its total reliance on selling without paper. "It won't work for productivity software where you have a 100-page manual, but it will work for video-games. It has to offer a real benefit to the consumer, and I'm skeptical about it," said Robert Shapiro, president of PractiCorp International.

Copy protection question

Perhaps the most potentially serious issue facing software manufacturers remains that of piracy.

"I think the real question is how many copies are being given to people who would have bought a software program in the first place," said Thomas Lopez, senior vice president of editorial development for Activision, Inc.

"You have to ask yourself—how important is the documentation? If it is important and the price is perceived as a value, then copying won't be a large problem," he added.

"It's endemic to the industry, but it's not up to small companies to solve the problem," volunteered Ed Wenerstrand, executive vice president of The Neon Software Co., Inc. "It's up to the big companies. We don't know how to solve it."

One manufacturer who expressed more detailed concern was First Star's Spitalny. "It's costing the whole industry. Some people say that for every one program sold, nine copies are made."

"I believe that, if not more," he said. "We spend a lot of time and money on copy protection, but the hard-core pirate is going to get through anything."

Similar view at Comdex

Piracy was also on the minds of vendors exhibiting at Comdex/Spring '84, which was held in Atlanta in May.

Burt Bralliar, director of strategic marketing at Peachtree Software, said consumers don't realize how much they contribute to the problem. "Most people aren't larcenous by nature, but they figure it won't hurt if they make one copy for their friends. What they don't realize is that their friends are making 30 copies to distribute," he maintained.

Fortunately, Bralliar said, software prices will come down, in the sense that for the same amount of money, a buyer will receive a more sophisticated program.

"As publishers address the issue of copy protection and feel confident they're contributing to decreasing the problem, prices will come down and the piracy question will at least be partially solved," he explained.



A SIGN OF SUCCESS, Sanyo's MBC 550/555 computers now have their own end-user magazine, reports Paul Wagner, regional sales manager in the computer division.

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Merchandising Telephones

starts on page 48A

NEWSFEATURES

Discounters object to bill allowing seizure of goods

(Continued from page 34)
California firm of National Sales Audit.

Discounters also objected to earlier provisions in the Mathias bill that allowed private parties to seek court orders permitting them to raid without notice retail and other establishments to seize allegedly counterfeit goods.

Under the Senate committee's bill, such seizures are restricted to cases where a federal court finds that a lesser order, such as a temporary restraining order to halt sales pending a hearing, would not prevent the goods from being destroyed, hidden or transferred, or where the defendant would flee.

The GSP legislation was introduced

in the House by Rep. John Dingell, chairman of the House Commerce Committee.

The bill, he said, is aimed at providing U.S. citizens "with redress against those nations which deliberately fail to curb the manufacture, traffic, and sale of shoddy, substandard counterfeits and imitations of trademarked, patented and copyrighted products."

The International Trade Commission has estimated that from \$6 billion to \$8 billion in domestic and export sales was lost by U.S. industry due to foreign product counterfeiting in 1982. As a result, the ITC said, 131,000 jobs were lost in five industry sectors, including electronics and records and tapes.

User can interrupt Halcyon game, then resume

(Continued from page 37)
user must make when playing one adventure.

The six laserdiscs now designed for Halcyon are: Thayer's Quest (a fantasy journey where a young hero strives against evil); The Spirit of the Whittier Mansion (newlyweds spend their honeymoon in a haunted mansion with ghosts); Orpheus (featuring the gods of Greek mythology); Shadow of the Stars (a journey into space); Voyage to the New World (a trip into a vast wilderness), and The Secret of Scheherazade (an Arabian Nights adventure).

"It is possible to shut off Halcyon in the middle of the game and return to

the same point in the adventure at a later time," Anderson pointed out. The game also "jokes" with the user. During a demonstration at the CES, Halcyon asked its user if she was sleeping when she did not respond to a question immediately.

The game's artificial intelligence allows it to react in this manner. Since it has "computerized personality," Halcyon can carry on rudimentary conversations and implement spoken commands. It can also be programmed to recognize several voices.

In addition, Halcyon can play standard and eight-in. laserdiscs. Owners of laserdisc players can purchase a Halcyon adaptor for \$1,400.

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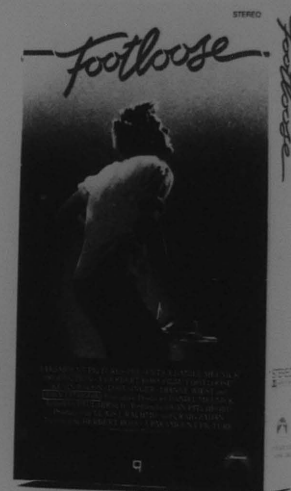
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What's hot in consumer electronics?

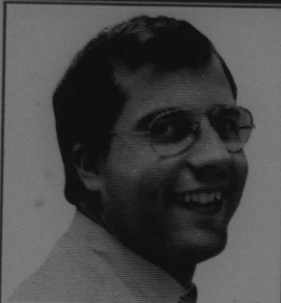
Why Rich's rented out its computer department

Diary of a heatwave: the day the air conditioners sold out

Dealers move to overcome kerosene heater safety fears

Retailers gear up for the Christmas of '84

Computerization makes it easy to work the Hardware Show



Frank Cavaliere

Atari sale adds to questions on low-end computer market

The recent sale of Atari to former Commodore maven Jack Tramiel does more than rid Warner Communications of a drain on the corporate bottom line. It portends either great things for the low-end computer market this fourth quarter or the beginning of a weak Christmas season, depending on whether you consider yourself one who searches for the silver lining or just the dark cloud. Consider the alternate scenarios. First, the side that says Tramiel will be the best thing to happen to Atari

since Space Invaders. Sure, these insiders concede, Tramiel may have run out of magic, but consider his record at Commodore. It was he who initiated the fierce price-cutting methods that drove the first stakes into Atari a couple of years ago. As a result, Commodore became the leading low-end computer manufacturer, and still is. So Tramiel knew what he was doing then and he still must. Also, his ability to manufacture at the lowest cost drove Mattel, Timex and Texas Instruments out of the market,

leaving Tramiel's Atari with that much less competition.

Some analysts figure that if Tramiel can install a barebones management team at Atari in much the same manner that he did at Commodore, then he has a chance to key the firm's resurgence. Maybe Atari won't rake in an excess of \$300 million profit as it did in 1982, but it can still be a successful venture, the thinking states.

Naturally, this skeleton management team has to have something to manage. And here is where the strategy gets a little sticky. Because many of the industry followers are betting on Tramiel to create a machine that will compete above the so-called low-end home computers, such as the Commodore 64, and below the personal model market occupied by the IBM PCjr and Apple's Macintosh among others.

Such a unit would presumably retail in the \$500 to \$1,000 price range. Tramiel has been quoted as saying that Atari will come out with at least some new products in time for this year's Christmas season. There has been industry speculation that he will try to intrude on Macintosh's turf with a lower-priced unit that will offer comparative functions.

Now for the doomsayers' version. All the talk about a quality, mid-priced computer is all well and good, but if it is such a good idea to come in with a model between the big boys of the high and low end, why hasn't somebody done it already?

Well, one of the reasons may be that nobody has the marketing and managing skills to pull off such a venture, or gamble, as it more accurately must be described. The pessimists in the audience further claim that the computer has not yet successfully found its way into the home.

Many companies have failed

The fact that Atari, Coleco, Mattel, TI, Timex and others lost more than \$2 billion collectively last year trying to sell the things is proof enough of Tramiel's folly. Furthermore, most dedicated computer users have a unit for work-related tasks, so in many cases they never even reach the home environment. Schools and universities are where the action is, these folks insist.

At press time, Coleco announced second-quarter earnings fell 44 percent from 1983 figures. And this is from a company that was able to rely on phenomenal sales of its Cabbage Patch doll line to compensate for slow electronics sales. Now, analysts say softness in the firm's ColecoVision videogame line, software cartridges and the Adam personal computer have been the major contributors to Coleco's poor 1984 showing so far.

The gloom and doom people are placing their bets with Apple, Compaq, IBM and the like for fourth-quarter success stories. The low-end, \$500-and-under market will continue to be a horror show.

So, who's camp are you in? Retailers out there are either well into making their Christmas plans or are already locked into a set merchandise mix. They're wondering if Tramiel and Atari can provide them with a reason to be optimistic.

I guess if we all knew what was going to happen in the morning when we arise from bed a lot of us wouldn't bother. That's at least part of the intrigue surrounding this business: it may be tough to make a living at it, but at least it's never dull.

Bill Harlow was around when white goods were brown.

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MERCHANDISING

From VCR's to computers, '84 is a banner year

By Lee Rank, editor

NEW YORK—When it comes to consumer electronics, it would be far easier and take much less time to talk about what's not hot rather than what is.

A quick look at the table to the right shows that almost every product is expected to demonstrate some sort of an increase in unit sales this year. And for those that are down, there is, in almost every case, a sister product that more than makes up for the decline.

While the strong economy in general can be credited with giving the industry such a boost, it must be noted that consumer electronics is getting more than its fair share of the pie. The products are in the right place, at the right price, at the right time.

And they are appealing to a broad range of consumers. There's a product for virtually every taste. What's more, they are being increasingly perceived as a must-have item rather than a luxury.

Even better is the indication that this is a trend that has only just begun. These products have staying power. The industry's growth is not tied to a fact that's bound to fade as the months roll by. Growth is inevitable.

The only problems on the immediate horizon have to do with possible shortages in certain hot categories where manufacturers have underestimated demand or could encounter trouble procuring raw materials such as the LSI's that are the heart of virtually every product.

External factors, such as rising interest rates, could also put a damper on sales, although there are those who say they would actually help.

But no matter how you look at it, 1984 is shaping up as one hot year for one hot industry. Between now and the end of December, there's almost nothing that can get in the way.

And the winners are ...

Obviously, some products have to be more hot than others. Looking at EIA projections for the year, we've identified the hottest of the hot as those that are expected to yield factory sales in excess of a half billion dollars and still turn in a 10 percent or more increase in unit sales.

These are products that have been around for some time. They are already in wide use and being sold in huge quantities every year. Yet they continue to generate strong growth. Now that's staying power!

On this list we have color TV receivers, VCR's, autostand equipment, blank videocassettes, home computers, home computer software and corded telephones.

Following these items are a number of products that are showing excellent growth in unit sales, 25 percent or more expected this year. But they are not yet generating the dollar volume of the more mature products. This includes projection TV, color video cameras, compact disc players, pre-recorded videocassettes and cordless telephones.

These are the up-and-comers, the products to watch.

Next come a range of products, either more mature or less in demand, but still turning in respectable growth. Here we have separate audio components, one-brand component sys-

WHAT'S HOT?

Products expected to generate unit sales increases of 10% or more and yield factory sales of \$500 million or more this year.

VIDEO	Projected '84 unit sales to dealers (in thousands)	% Change
Color TV Receivers	15,800	+13.0%
Monochrome TV Receivers	5,300	-7.0%
Projection TV	180	+25.0%
VCR's	7,000	+71.1%
Color Video Cameras	650	+57.0%
Videodisc Players	225	-26.7%

AUDIO		
Separate Audio Components	NA	+9.1%*
Compact Disc Players	200	+471.4%
Home Radios	4,000	-0.9%
Compact Systems	2,550	-3.8%
One-Brand Component Systems	500	+22.9%
Portable Audio/Video Equipment	26,000	+2.4%
Autostand Equipment	NA	+24.9%*

SOFTWARE		
Blank Audiocassettes	250,000	+6.4%
Blank Videocassettes	95,000	+46.2%
Pre-recorded Videocassettes	18,500	+68.2%
Videodisks	8,000	no change

HOME COMPUTERS & GAMES		
Home Computers	5,300	+10.4%
Home Computer Software	55,000	+57.1%
Programmable Videogames	4,000	-39.8%
Videogame Cartridges	65,000	-13.3%

TELEPHONES & ANSWERING MACHINES		
Cordless Telephones	6,100	+29.8%
Corded Telephones	25,000	+66.7%
Telephone Answering Machines	2,700	+22.7%

All figures courtesy of the Electronics Industries Association/
Consumer Electronics Group, June 1984.

*Percent increase based on factory sales in dollars.

tems, portable audiocassette equipment, blank audiocassettes and telephone answering machines.

Finally, there are the products showing declines for 1984. Some have simply been superseded by other products. The monochrome TV receiver has been overtaken by the color set, programmable videogames and their software by computers and

going to happen between now and the end of the year.

A position of strength

Why is the market so strong? Obviously, it's riding on a growing economy. But there's got to be more. Otherwise, why would the consumers be spending so much of their disposable income on VCR's and home computers rather than on vacations, expensive clothes and all the other competing products and services?

For help, we turned to J. David Ehlers, president of Stamford Consulting Associates, which follows the industry closely.

According to Ehlers, the key to the success of consumer electronics is composed of a number of factors. One is that people view the products as more than just a purchase. They are seen as a long-term investment, which, in the case of many products, especially the VCR, can help stretch the entertainment budget and provide a very real value.

Consumer electronics products are also perceived as being very useful, giving customers the utility they are looking for in what can be a relatively high-ticket purchase.

Finally, according to Ehlers, they are a purchase made for the entire family. It's not Dad getting a new car or Mom getting a fur coat. It's a guilt-free buy that everybody is going to derive some pleasure from.

But this does not mean the consumer is not going to be very cautious when it comes to choosing the product. "Consumers are now very much aware of product differences, very discriminating and very much quality and value conscious," said Ehlers.

"He or she is more prone to comparison shopping."

People are tough to fool, he added. They know what products are no longer being produced and they know when someone's handing them a line. They are going to shop at stores where they find salespeople who can give them the information they need and successfully match the right product to their needs.

While price is a factor, it is not everything. The customer wants value, not just the most inexpensive product he can find.

Another factor which is becoming increasingly important is brand name. According to Ehlers, with the growing number of products being made by an ever-increasing number of manufacturers, customers are going to seek some comfort in a familiar name. They're going to opt for a company in which they have some degree of faith.

Who's hot

What kind of customers are buying consumer electronics products? According to Ehlers, it's a very broad group.

While the merchandise reaches almost everyone, the prime age bracket is 35 to 44, the largest current segment of the population (and a portion that's expected to increase by more than 33 percent in the next decade). These people have the income to afford the products and the maturity to be interested in some of the more sophisticated ones.

Within that age bracket, however, different people are interested in different items. Ehlers found, for example, that the average buyer of

(Continued on page 15)

WHAT'S HOT IN CONSUMER ELECTRONICS?

Audience is still growing for consumer electronics

(Continued from page 12)

three popular products looks something like this:

- **Personal Computer**—a male, head-of-household, businessman or professional, with children under 12.
- **VCR**—similar, except with a lower income of under \$25,000 for the household.
- **Cordless Telephone**—a female, head-of-household, with children aged 12 to 17.

Perhaps the most important point to be made here is that there are "no heavy users," Ehlers pointed out. There's no single, small group of people that's hooked on consumer electronics, buying everything in sight and likely to become satiated in the near future.

Instead, what we have is a diverse population dabbling in the market one product at a time. That man who bought the VCR is still a potential customer for a home computer. And the woman with the cordless phone may already be considering a VCR. The untapped potential is tremendous.

Also to be taken into consideration is the growing number of potential customers who are, as Ehlers puts it, "on the fence." His research shows that more and more consumers are leaving the "will not buy" group, particularly with VCR's and personal computers, and moving up to the fence.

As a result, this part of the market now represents seven to 12 percent of all consumers, "households which could be influenced to buy, given the appropriate message at the right time of year and at the right price," he said.

Still, there are problems

With all this success comes a few problems. Shortages, for example, could be developing in some categories.

Most manufacturers rely on outside sources for their supply of microprocessors (or chips or LSI) used in everything from computers to telephones to stereo equipment. And there are other industries competing for these devices as well.

Additionally, it appears that the manufacturers failed to predict just how popular some of their products would be. VCR's, for example, are selling far better than anyone ever thought they would. The EIA now

says that seven million units should be shipped this year.

Video cameras are another area that the industry may be underestimating, according to Ehlers.

How will the consumer react if faced with a shortage? Chances are he will not trade down, said Ehlers. The customer is going to have a pretty good idea of the features he thinks he needs.

He may be traded up to a more expensive product within reason. A jump from a \$600 VCR to a \$700

model would not be inconceivable.

There is, however, a ceiling. That frustrated customer in the \$600 market would never go as high as, say, \$1,200.

If he found the purchase he had in mind was going to be thwarted altogether, he would shift to another product, probably in the same area, said Ehlers. That VCR might, for instance, turn into a new stereo TV.

Other potential problems are altogether outside the control of the industry. Climbing interest rates would, without a doubt, affect consumer buying plans, although not necessarily for the worse.

Ehlers noted that consumers, seeing interest rates climbing, might be prone to buy now, fearing that prices

would go up in the future. People, he said, still remember well what it was like living with the high inflation rates of the late Seventies. "That fear runs deep." If they think prices are going to rise in the future, it will only accelerate their purchases.

Looking good

With all of these pluses and the few minuses added up, it should produce a very good fourth quarter.

"All the right things are happening," said Ehlers. "The consumers are confident. The election can only help. The country is on a roll, and people want to ride the crest of a good thing."

"And after all," he added, "Christmas is always the time to buy."

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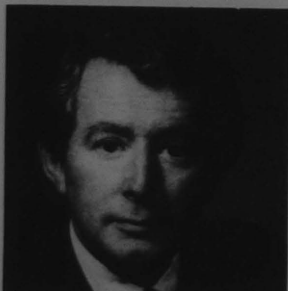
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UNDERESTIMATING SALES may be one mistake consumer electronics vendors made this year, according to J. David Ehlers, president, Stamford Consulting Associates.



Merchandising COMPUTERS

Rich's changes to leased computer department

By Frank Cavaliere, associate editor

ATLANTA—In some cases, hiring an outside company to run a leased department may be construed as an admission of failure. But here at Rich's, which decided to lease its high-end computer department to Minneapolis-based Computer Depot early last month, the decision is viewed as merely an improvement, one providing the best of both worlds, reported microcomputer buyer Chris Cavanagh.

Company executives believe that Computer Depot has a superior grasp on the fast-changing computer market and is better able to merchandise the store for maximum profits.

The firm already operates computer areas for department stores across the country, including Dayton's in Minneapolis; F&R Lazarus Co. in Columbus, OH; G. Fox in Hartford, CT, and Burdine's in Miami and Fort Lauderdale.

Videogames still on critical list; little hope held

By Frank Cavaliere, associate editor

AKRON, OH—After conceding that the patient is on the critical list, the question arises as to whether there is anything that can be to save it.

The patient in this case is the staggering videogame industry, which has suffered through at least two disastrous years. Lack of product innovation and widespread consumer disinterest have caused many retailers to consider bailing out of the category by Jan. 1, 1985.

Some said it hurt them to be so pessimistic, as they viewed the heyday of videogames with a certain sense of nostalgia. Some wondered where the industry went wrong. And some placed most of the blame squarely on the manufacturers' shoulders. Price points of \$20 and up for a typical cartridge were too high, they asserted, and if these tickets were lowered some interest could be rekindled.

But perhaps the final flicker of light went out last month when Warner Communications gave up its 18-month effort to revive the industry by

(Continued on page 41)

dale. It will also begin operating leased departments for Abraham & Strauss in New York and Foley's in Houston later this year.

Cavanagh said there were two main reasons why Rich's chose Computer Depot. "Competition around here is really tough and a retailer needs every edge he can get. Computer Depot has the marketing and buying expertise to merchandise a department."

Federated uses Computer Depot

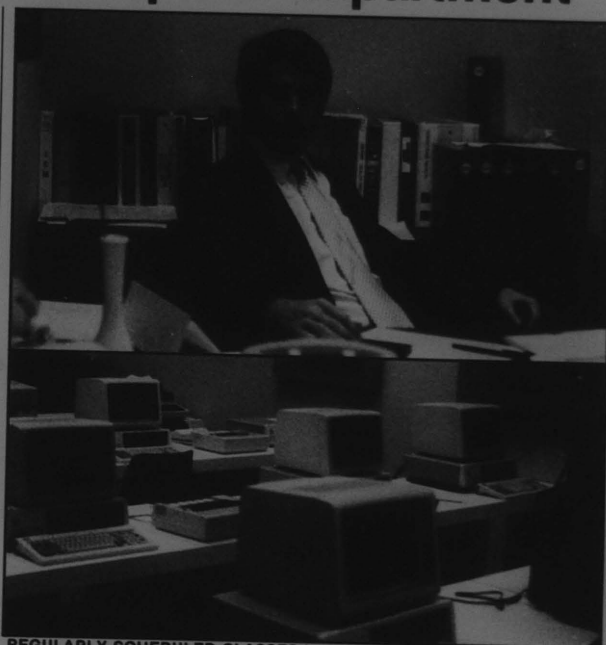
Secondly, many other Federated chains already are using Computer Depot for their departments, so the choice to "go leased," as it were, was already made, he said. "What were we going to do? Say we didn't want to have a leased category. Federated would've asked us 'what's so special about you people?'"

Both Lazarus and Burdine's are Federated divisions, as are Abraham & Strauss and Foley's.

Under the leased agreement with Computer Depot, the firm will buy all computer hardware, software and peripherals for Rich's single microcomputer department in the Lenox Square Mall here.

Computer Depot will also operate Rich's soon-to-be-opened microcomputer departments in the Cumberland Mall and Southlake Mall stores. In all, the company will oversee seven of Rich's departments by the end of next year.

(Continued on page 43)



REGULARLY SCHEDULED CLASSES in a 400-sq.-ft. classroom featuring such computer systems as the IBM PCjr, Apple's IIC, IIE and Macintosh help maintain Rich's reputation as the place to shop for a sophisticated package, according to microcomputer buyer Chris Cavanagh.

Publishers explain strategies:

What's the best way to market software?

By Frank Cavaliere, associate editor

NEW YORK—Retailers struggling to organize the plethora of software titles occupying their selling space undoubtedly have trouble making sense of this relatively new category.

Why do some manufacturers rely on splashy graphics, hoping to catch a customer's eye as he looks through the assortment of titles on the shelves? Why do others emphasize a particular author or licensed character? Some vendors give prominence to their own name, figuring that a potential buyer will choose the program on the strength of a company's reputation. Still others hide their name, in favor of

a brand. Why?

With these questions in mind, *Merchandising* asked leading software executives to discuss their marketing techniques. The goal: to give retailers a better idea of why the vendors act the way they do and provide some idea of how dealers can make the best of the situation. Excerpts of each executive's opinions follow.

Spinnaker promotes brands

CAMBRIDGE, MA—Spinnaker chairman William Bowman has received a lot of publicity lately for taking a "Procter & Gamble" ap-

proach to software marketing. While everyone can name a P&G product (Tide, Crest, Ivory, etc.), few probably know that it is made by the Cincinnati-based firm.

Spinnaker has adopted a similar approach for computer software, promoting its Fisher-Price, Trilium, Windham, Better Living and Nova brands without a Spinnaker tagline on the package.

"We think there are four ways to approach the market," explained Bowman. "You can promote titles very heavily like Sierra On-Line, authors like Electronic Arts or licensed

(Continued on page 40)

In a surprise move, Atari is sold to Tramiel

Warner Communications has sold its once-booming Atari division to former Commodore head Jack Tramiel. The industry holds its breath. For details on the deal, and other news, see page 44.



Congress cuts computer deductions

Legislation recently approved by Congress limits the amount of tax benefits given to home computer users. For news on the effects of this new development on retail advertising see page 43.

Rich's lays plans for a strong Christmas

The Atlanta-based department store chain is expecting strong movement in its high-end computer systems for the 1984 holiday period. See the Christmas Planning Focus on page 42.

MERCHANDISING COMPUTERS

Various marketing techniques help manufacturers push software titles

Spinnaker Promote brands above all

When you go to the Spinnaker store, the first thing you see is the Spinnaker logo. The store is in the heart of the city, and the store is the best way to go.

Spinnaker and the store are the best way to go. The store is in the heart of the city, and the store is the best way to go.

HES Push co-op ads, cross-merchandising

HES has begun to use a cross-merchandising technique in a joint campaign with Waco, a leading manufacturer of popovers. Spinnaker said that Waco will put a co-op worth \$8 off any HES software package inside its popovers.

It seems that the most effective way to reach with most merchandising is to use a co-op. HES and Waco are to offer them an extensive co-op of programs, said Spinnaker. The co-op will include HES and Waco five

software industry," he said. For retailers, Spinnaker's companies mean they will have to search hard for the Spinnaker label on all of its products. Spinnaker knows that people will search for a Spinnaker label when they are making the connection to Spinnaker itself.

This approach "takes more money if you guess wrong," the chairman continued, but added that "we have done it well. There really hasn't been a lot of professional merchandising done in this business."

"I don't see cheap and sophisticated as hard," he concluded.

percent of its advertising budget for co-op advertising, and makes available 16 different ad formats.

In addition to the co-op program, HES has begun to use a cross-merchandising technique in a joint campaign with Waco, a leading manufacturer of popovers. Spinnaker said that Waco will put a co-op worth \$8 off any HES software package inside its popovers.

Broderbund Offer demos to retailers

SAV KAPLAN, CA—One in the software business the customer goes to the store to see the software. Broderbund has a program for retailers to see the software. The program is giving sample demos and previews to retailers on the way out of the store. The program is also giving a demo to the retailer on the way out of the store.

As for the program, Kaplan said, "It's a program for retailers to see the software. The program is giving sample demos and previews to retailers on the way out of the store. The program is also giving a demo to the retailer on the way out of the store."

Broderbund and the program are the best way to go. The program is giving sample demos and previews to retailers on the way out of the store. The program is also giving a demo to the retailer on the way out of the store.

Spinnaker Develop strong links with retailers

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Electronic Arts: Grab consumer with graphics

SAV MATTO, CA—Don't get the graphics wrong. It's not that the graphics, titles, price or brand are wrong, but the graphics are wrong. It's just that the Electronic Arts president thinks the core must first attract the customer's eye.

"The front cover of the software package must have an interesting concept to convey," he said. The idea is to make the graphics so good that the customer will buy the software. The graphics are the first thing the customer sees, and they are the first thing the customer buys.

Broderbund said the firm's software package always has a strong graphic. And that's the first thing the customer sees, and they are the first thing the customer buys.

For the most software manufacturers, the graphics are the first thing the customer sees, and they are the first thing the customer buys. The graphics are the first thing the customer sees, and they are the first thing the customer buys.

CBS: Success rate with product itself

GREENWICH, CT—For John Rosen, vice president of marketing for CBS Software, the choice is difficult. "I can't take one of the marketing elements and say it is more important than any other. The brand isn't as important as the specific title or author," he said.

Although marketing computer software is a relatively new business, the success of selling software titles on the computer is the product itself. "Ultimately, the product must be good, adequately designed and meet the needs of the target market. Anything else is a 'cookbook' exercise, and marketers have been doing it for 100 years," Rosen added.

As for CBS, "our approach is to emphasize product grouping under an umbrella brand," he explained. And by brand, Rosen means a specific product rather than the corporate label. "Over the long term people won't run out and buy because it's CBS. They will buy something if it's the specific and has their particular needs."

After conceding that the "reason in marketing 100% sounds good, Rosen admitted that the business is anything but scientific. "I've given up predicting. I'd just like to think our marketing strategy at CBS will prove successful," he concluded.

Congress passes legislation limiting computer tax breaks

By Bob Galy,

Washington correspondent

WASHINGTON, DC—Those retailers who have been advertising and promoting home computers as a potentially tax-deductible expense are going to have to watch their step. The rules have been changed.

Legislation approved by Congress to help cut the federal deficit will make it harder for home computers to qualify for business tax deductions and credits.

The measure affects all personal property used for business purposes. To qualify for accelerated depreciation deductions and tax credits, the property will have to be requested by employers.

Moreover, the tax benefits diminish if the property is used for business less than 50 percent of the time. A computer used at home, but more than half the time for business, continues to benefit from accelerated depreciation and the investment tax credit. However, for computers used less than 50 percent of the time for business, the write-off period is 12 years.

In addition, beginning next year, taxpayers must keep a log of how much time they use any computer at home for business or personal use. They will be required to certify in writing that the log is being kept.

Ads may change

The changes may encourage some manufacturers and retailers to alter advertising based on potential tax breaks for the purchaser of a home

Creative: Price is crucial to selling

MINNEAPOLIS, CA—Ray Allen, director of sales at Creative Systems, Inc., says that the price of a software package is crucial to its success. "The price is the most important thing to the customer," he said. "The price is the most important thing to the customer."

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Retailers look to drop videogames by Jan. 1

'We're liquidating'

Petten said he was looking to sell his remaining stock of cartridges, which ranged in price from \$4.97 to \$9.97. And some retailers are coming in even below that, he said. "I saw a K mart circular the other day where cartridges were listed at \$3.97." In addition, liquidation companies have begun buying videogame cartridges in bulk at a dollar apiece and selling them at a 50 percent markup.

Asifans point to the core's dropping the category by Jan. 1, he said, unless consumer buying patterns take a dramatic turn for the better. "If the consumers tell us they're interested in this, where they could buy games for \$4.99 each and develop a library, then the category might be saved," Perren commented. "If the manufacturers come down in price where the cartridges belong and the consumers respond, then we would take another look at it."

Other retailers echoed Perren's remarks.

The most succinct in his remarks was Rayner Blair of W.R. Blair, a four-unit cataloger headquartered in Waldorf, MD, who said simply, "We don't buy them anymore; it's over."

The view from analysts who follow the videogame industry was just as dim. Harold Vogel, who follows Warner Communications for Merrill Lynch, Pierce, Fenner & Smith, said there was nothing in the form of an

(Continued on page 43)

[illegible]

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A RECENT INSERT in The New York Times offered a console and cartridge for what a cartridge alone would have sold for not long ago.

Bush

MERCHANDISING COMPUTERS/NEW RELEASES

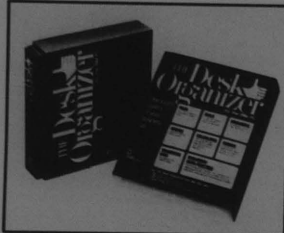
COMPUTERS

GAMES

BUMP 'N JUMP, Coleco. Coleco Adam-compatible. Available now.
MONSTER TRIVIA, Cosmi. Commodore 64-compatible. Available now. Suggested retail \$19.95 for cassette and diskette package.
TARZAN, Coleco. Coleco Adam-compatible. Available now.

HOME MGT.

THE DESK ORGANIZER, Warner Software. IBM PC-compatible. Available now. Suggested retail \$295.



J.K. LASSER'S YOUR INCOME TAX, Simon & Schuster Electronic Publish-

ing Group. IBM PC-, Apple II series-, Apple Macintosh-, Commodore 64-compatible. Available October in IBM PC and Apple II series versions; November in Apple Macintosh and Commodore 64 versions. Suggested retail \$79.95.

J.K. LASSER'S YOUR PERSONAL MONEY MANAGER, Simon & Schuster Electronic Publishing Group. IBM PC-, Apple II series-, Apple Macintosh-, Commodore 64-compatible. Available October in IBM PC and Apple II series versions; November in Apple Macintosh and Commodore 64 versions.

LEARNING

BANK STREET MUSICWRITER, Mindscape. Atari series-, Commodore 64-, Apple II series-, and IBM PC-compatible. Available September. Suggested retail \$49.95.

DAZZLE DRAW, Broderbund. Apple II-compatible. Available now. Suggested retail \$49.95.

DR. LOGO, Digital Research Inc. IBM PCjr-, Apple IIe- and IIc-, Apple Macintosh-, and Commodore 64-compatible. Available now.

EASY AS ABC, Springboard. Apple II series-, Commodore 64-, IBM PC- and PCjr-, and Atari series-compatible. Available now. Suggested retail \$39.95.

INTRODUCTION TO ACCOUNTING, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

INTRODUCTION TO COMMUNICATION, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

INTRODUCTION TO DATABASES, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

INTRODUCTION TO ELECTRONIC SPREADSHEETS, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

INTRODUCTION TO THE OPERATING SYSTEM, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

INTRODUCTION TO PERSONAL COMPUTING, Comprehensive. IBM PC- and PCjr-compatible. Available now. Suggested retail \$59.95.

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In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

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(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

(left) ZVM-124: Non-glare amber screen. Super resolution for IBM PC with monochrome adapter.



ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

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Trendings: page 10

MERCHANDISING COMPUTERS

Bulk buying gives Rich's edge on competition

(Continued from page 39)

Rich's operates a total of 17 units, 12 of which are located in the metropolitan Atlanta area. Two more units are in Birmingham, AL, and one each is in Greenville and Columbia, SC, and Augusta, GA.

Cavanagh said all buying decisions are made by a committee comprised of both Rich's and Computer Depot personnel. Each region of the country that the firm buys for is slightly different in computer tastes, he added. This means Rich's might not be carrying the same merchandise mix as Dayton's in Minneapolis, even though they both have similar department operations.

Computer Depot personnel visit Rich's monthly where they examine sales reports, specific product movement figures, upcoming promotion and advertising efforts, marketing plans and anything else relating to the higher-ticket computer area.

Final decisions in all areas usually favor Computer Depot's preferences, Cavanagh said, "I like Epson's printers and they like Okidata's. We carry Okidata's."

"Another good indication of personal differences is the new Lotus Symphony software. I think it will die on the shelves, but they apparently think it will do very well, so we're going to carry it," he explained.

Cavanagh conceded that any decision is usually subject to a 50 percent success or failure rate, adding, "In this industry, it's hard to be right even half of the time because the changes come so rapidly." Computer Depot will help in that area.

"There's more and more conservatism with Computer Depot running the show. People would rather be late than sorry," he said. "The only feedback they get is from the stores themselves, and not manufacturers, so it's a little easier to get a handle on things."

100% increase projected

If all goes according to plan, Rich's microcomputer department will double its total sales in 1984 over 1983 results.

One of the ways the firm will boost sales is by adding Apple to the product line, Cavanagh said. Rich's

carried IBM, Epson, Digital, Panasonic and Compaq hardware when it owned the department. Now, under Computer Depot's management the area features IBM, the Apple IIc, IIe and Macintosh models, Panasonic and Compaq.

The buyer said Apple was ready to sign an agreement with Rich's without the lease takeover, but he was nonetheless happy to have the Cupertino, CA-based outfit on board. "I think the Macs (Macintosh) will really be strong this year and be one of my top sellers," he said.

Computer Depot a big plus

A major feather in Computer Depot's cap, according to Cavanagh, is the firm's total understanding of the retailing environment. "They started with Dayton's four years ago, building up a niche, understanding the department store mentality. So they've done it for a while. They know which type of customer buys each type of machine, for example," he said.

But probably the main advantage

Computer Depot gives Rich's, and any client for that matter, is that of bulk buying. The firm will order 1,000 IBM PCjr's, for example, and divide them among its clients. Bulk buying lowers the cost of each shipment, and that savings is passed on to the customer.

Edge on competition

This arrangement provides a leg up on the competition, which Cavanagh named as Davison's (the local R.H. Macy division), Sears and ComputerLand. Rich's flagship store here shares Lenox Square Mall with Neiman Marcus, which does not carry computers and Davison's, which runs its own departments.

Cavanagh made it clear that any advantage, however slight, must be exploited in this highly competitive environment. For even in a nation that has become accustomed to mall shopping, Atlanta must be near the top of the list when it comes to major malls.

Most of Rich's Lenox Square customer base comes from the prestigious

neighborhood of Buckhead, which Cavanagh describes simply as "upscale."

"In this area I don't get the students—the 18- to 29-year-old hobbyists. I think our average customer is anywhere from 35 to 50 years old, uses a computer at work and already knows what one can do for him," he said. "Plus, he has trust in the Rich's name, favorable credit terms and the bucks to spend."

Cavanagh himself is a newcomer to the department store field, having joined Rich's 10 months ago from ComputerLand, where he was an assistant manager. And while the youthful employee leaves no doubt that he will learn the nuances of Rich's business, he is willing to take the merchandising help where he can get it.

"When I switched over from ComputerLand, I knew all about the computers themselves and how to sell them, but not about markdowns and other department store terms," he said. "I had to switch from an independent to a chain type of thinking."

1984 Christmas will atone for slow 1983 at Rich's

ATLANTA—Christmas at Rich's this year should more than make up for a 1983 disappointment, according to computer buyer Chris Cavanagh.

"Last year was not as good as I had hoped," he said, blaming part of the problem on delivery shortages from IBM and Compaq. This year's forecast looks considerably brighter, however, as Rich's new leased arrangement with Computer Depot will provide the retailer with all the product Cavanagh can move off the shelves.

"I can't wait for Christmas. The (Apple) IIc and Macintosh are both neat machines," he said.

Cavanagh predicted that his personal computer section will benefit from a sales decline in the home computer area, which Rich's still runs and merchandises separately. "The home area will die this year. I think people will see a complete Commodore system for \$500 and instead of buying that, they'll step up and buy an Apple system. Apple sales should increase incrementally as Commodore and the rest of them decline," he explained.

Apple IIc shortage seen

The only dark cloud on Cavanagh's horizon is a possible product shortage of the Apple IIc which people continue to buy in record numbers because of its recently dropped price.

And there are frustrations. Accord-

ing to Cavanagh, "People buy computers the way they buy other goods, and they shouldn't. Nine times out of 10 when we tell a customer that a specific system best fits his needs he buys another because it is cheaper. And nine times out of 10 that person comes back and tells us that we were right in the first place," he said.

up on the latest software packages for IBM, Apple, Epson and others. Classes cost \$100 for 10 hours of instruction. They are limited to eight people per session and can be run in a single day or split into two or three equal periods. The classroom is 400 sq. ft.

Cavanagh cited Rich's sales staff as an additional reason why this year's



The Christmas selling season at Rich's begins with the chain's Harvest Sale in mid-October. Computer Depot will produce holiday brochures promoting special credit terms. Starter Package labels will accompany certain units and peripherals.

Another selling point that Cavanagh said will boost fourth-quarter sales are Rich's computer classes. Taught by a Georgia State University professor, they allow people to brush

Christmas should be strong. Computer Depot employs a full-time store manager, assistant manager, three salespeople, a service technician and a (part-time) education instructor for the 1,900-sq.-ft. department.

All of the department's employees are paid by Computer Depot. Future Rich's computer centers will also be staffed by workers who will be paid by Computer Depot, Cavanagh said.

—FC

Wall Street analyst says videogame industry 'ended up being 50% fad'

(Continued from page 41)

In attempting to summarize what went wrong, Simon cited limited advertising budgets that failed to keep consumers aware of new titles and stagnant product development. "I think the industry ended up being a solid 50 percent fad and what was left wasn't developed. The whole computer industry on the whole is disappointing," he concluded.

Bruce Garfield, vice president of sales for Imagic, provided a manufac-

turer's point of view when he admitted "if they (meaning retailers) don't sell through what they have left this Christmas, they might as well burn it."

There were 6.6 million game machines sold in 1983, down from eight million in 1982, according to the Electronic Industries Association. There were 75 million game cartridges purchased from retailers last year, up 15 million from the previous year, according to analysts and manufac-

turers. But many of those were discounted leftovers, they added.

Garfield of Imagic said his firm is only currently producing games for the ColecoVision unit, among them Tournament Tennis, which he predicted would sell for under \$20. He said the company is no longer producing games for any Atari console, or Intellivision.

"A retailer can still make money if closeouts flush through the system this Christmas," Garfield said, admitting that this may not come to pass.

Imagic's research and development efforts, he said, have been in the low-end computer area.



ENCOURAGING CUSTOMERS to come into the department and operate various computer systems is one method of building consumer loyalty used at Rich's.

NEWSLINES COM- PUTERS



WARNER
COMMUNICATIONS INC.

Warner risks itself
of troubled Atari division

WEST HARTFORD, CT—Coleco announces ColecoVision/Cabbage Patch the-in. In an attempt to spur sales of its ColecoVision videogame system, the firm will try to capitalize on the popularity of its Cabbage Patch dolls.

The promotion, which will run through the end of the year, requires consumers to purchase the videogame system and any system cartridge made by Coleco. After submitting proof of purchase, the consumer will receive a Cabbage Patch doll free. Consumers who take advantage of the offer are guaranteed delivery of the doll by Christmas, the company said.

CUPERTINO, CA—Apple and ComputerLand sign agreement. The retail outlet will carry Apple's entire product line in its 670 franchises worldwide, according to a joint announcement made early last month. Effective at the beginning of this month, qualifying ComputerLand franchises in the United States and Canada can begin carrying Apple's product, including the Macintosh, Apple IIc, IIe, III and Lisa 2 series of computers. Full-scale product shipments will begin in September.

"We believe our distribution strength and competitive position will be enhanced by our agreement with ComputerLand, a retail chain known for sales innovation as well as quality," said John Sculley, Apple's president and chief executive officer. "In addition to providing our customers with dependable and knowledgeable service, ComputerLand and franchisees will provide us with a market presence in geographic areas not presently represented by Apple."

ComputerLand currently has stores in 26 countries, with 640 stores in the United States. About half of the firm's U.S. franchises are already authorized Apple dealers.

NEW YORK—Warner Communications' sale of its chronically troubled Atari unit to former Commodore chief executive Jack Tramiel was the event heard around the home computer industry last month. Industry analysts have speculated that Tramiel will refocus Atari's business toward developing either a direct low-end competitor to the Commodore 64 or a rival to Apple's Macintosh near the \$1,500 price point. He has been quoted as saying Atari will have competitive products developed in time for this year's Christmas season.

For now, Tramiel's task is to begin getting Atari on the road to profitability. He has begun doing just that by laying off at least half of the 1,100 Atari workers remaining at its Sunnyvale, CA, headquarters.

SAN JOSE, CA—How to spur PCjr sales? At Chang Laboratories, based here, the answer is to produce useful software for the troubled home computer and get retail outlets to carry the program, labelled Rags to Riches. The software vendor has called its campaign the "Save the Jr."

The company asserts that Rags to Riches is ideally suited to the IBM unit, because it has designed each of the modules to reside totally in RAM, making all screen responses immediate. The software is a series designed specifically for businesses with fewer than 20 employees. Each module retails for \$89.95.

Participating stores include Computer Factory in New York, Prodigy Systems in New Jersey, Software Galleria and Mission Computers in San Jose. The reason for the firm's promotion is to spur PCjr sales, which have been soft as a result of widespread criticism of the unit. The computer features a keyboard with hard rubber keys, limited memory, a steep price point and, say dealers and industry analysts, strong competition from Apple Computer's Apple II series of home computers.

NEW YORK—McGraw-Hill, Inc. acquires Future Computing. The publishing giant bought the Richardson, TX-based company for an undisclosed cash sum early last month. Future Computing will now operate as a unit of the McGraw-Hill Information Systems Co.

Dr. Portia Isaacson, who founded Future Computing in 1980, will continue as its president and chief executive officer. Her husband, Dr. Egil Juliusen, who had been chairman, will become vice chairman of the new board with responsibility for the content of the firm's information services. Chairman will be Richard Miller, president of McGraw-Hill Information Systems Co. Future Computing, with 135 employees, moved its headquarters from Richardson to Dallas.

NEWARK, NJ—Bamberger's opens computer center in its King of Prussia, PA unit. The chain, based here, said the 1,500-sq.-ft. department will serve the Philadelphia area and feature Apple's Macintosh, IBM's PCjr, the Epson personal computer and Panasonic's Senior Partner. The chain will open additional computer centers in its Cherry Hill, NJ, and Lodi Valley, PA, units.

MANAGEMENT MOVES—Elliott Dahan was "terminated" by Creative Software on July 5, according to Paul Zuzelo, president, who would issue no further comment. Dahan had served as vice president of marketing ... Software Arts has announced the appointment of Richard Sumner as international sales manager. Sumner, who was formerly sales director at PractiCorp, will be responsible for all marketing, sales and support of the company's products in Europe, Asia and Australia ... At First Software Corp., John Eckert has been named retail sales manager and telemarketing representatives covering 10 states, while Greene will oversee the activities of five telemarketing representatives covering 10 states. Practical Peripherals has named Ron Costa to the position of executive vice president ... Practical Peripherals will be responsible for ensuring the accuracy of inventory and cost reports ... Tish Stone has been appointed products manager at coordination of in-house sales training sessions ... Softeam has announced the appointment of Dennis Marquardt as chief financial officer ... Allan Epstein has resigned as senior vice president of Activision, Inc., to pursue personal interests. Epstein, who joined the company in 1980, will continue to serve as a consultant to Activision in the areas of electronic distribution, operations and technology ... Tim Marks has been appointed eastern regional sales manager of Ego States and Canada ... Corona Data Systems has appointed Marvin Miller product manager, a newly created position. His area of responsibility will be new product introductions ... At Texas Instruments, James Fischer retired as executive vice president and principal financial officer. Executive vice president William George will assume responsibility for the corporate staff activities that were directed by Fischer. Vice president and treasurer William Aylesworth will succeed Fischer as principal financial officer, but will also continue to serve as company treasurer.



Dahan names Marquardt
chief financial officer

MERCHANDISING COMPUTERS

Amdek introduces five color video monitors with speakers

ELK GROVE VILLAGE, IL—Amdek Corp. has introduced five color video monitors for use with the IBM PC and PCjr, the Apple II series, Atari series and Commodore 64 home computers. Four models, the 300, 400, 500 and 600 units, feature built-in speakers and audio amplifiers for use with computers without audio output.

Models 500, 600 and 700 have a text switch on the front panel which can change text color from white to green for easier reading, the company claims. All models have tilt/swivel base stands and front-mounted operator controls including on-off power switch with LED display, brightness and contrast.

Amdek Color 300 and Amdek Color

400 are both capable of displaying up to 40 columns by 25 lines of text. The 300 offers separate chrominance and luminance video signal input that is ideal for use with the Commodore 64 computer. It retails for \$350. The 400 model is an RGB video input monitor, retailing for \$400.

The Amdek Color 500 displays graphics or text from personal computers with RGB video output. It has an auxiliary model to display input from a video recorder. The unit provides up to 80 columns by 25 lines in the RGB mode or 64 columns by 25 lines in the NTSC composite mode. It retails for \$525.

Amdek Color 600 is an RGB monitor, providing text and graphics resolution. The unit retails for \$650.



Amdek Color 300

The Amdek Color 700 is a high resolution video monitor that interfaces with RGB-TTL output computers and sells for \$850.

Amdek Corp., 2201 Lively Blvd., M, Elk Grove Village, IL 60007.

Epson debuts 4-lb. portable computer

TORRANCE, CA—Epson America has introduced a \$995 notebook-sized computer labelled the Geneva PX-8 that weighs four lbs. and includes three programs on chips that can be plugged into the machine. They are MicroPro software packages on ROM capsule covering word processing, spreadsheet and scheduler.

The machine represents Epson's second entry into the battery-operated lap computer market. The unit includes a pop-up, eight-line LCD screen that is 80 characters wide, a 64K memory and optional \$599 disk drive, \$275 printer and modem.

An Epson spokesman said the computer can operate 20 hours under its own power and is truly portable because "it can be carried up to one mile by a 10 year old." The spokesman added that the Geneva PX-8 is a mid-level alternative between the notebook-type and portable-type computer markets such as the Sharp and Hewlett Packard products in their respective price ranges.

Why the name Geneva? "We think it reflects a tone of affluence, travel and sophistication," the spokesman said.

Epson America, Inc., 3415 Kashiwa St., M, Torrance, CA 90505.

Koala shows child's learning keyboard that's compatible with Apple II series

SANTA CLARA, CA—Koala Technologies Corp. announced that it has developed Muppet Learning Keys, a child's keyboard, in conjunction with Henson Associates, Inc. and Sunburst Communications. The keyboard is for children three years old and up.

Muppet Learning Keys helps children learn letters, numbers and colors with the assistance of the Muppets by simulating the contents of a child's school desk—ruler, water color set, penmanship slate, compass, eraser and arithmetic exercise book. There is also a comic book on the desk to provide command keys for the programs. Kermit the Frog, Miss Piggy, Gonzo and Fozzie Bear are the characters featured in the program.

The product depicts school desk materials on a mylar surface over a circuit board. It connects to a com-



Koala Muppet Learning Keys

puter display screen through the paddle port on the Apple II series or the joystick port on the Commodore 64 home computers.

Koala Technologies Corp., 3100 Patrick Henry Dr., M, Santa Clara, CA 95052.



Okidata Microline 92

Okidata adds 92-dot matrix printer unit

MOUNT LAUREL, NJ—Okidata's 92-dot matrix printed will be compatible with most Apple personal and business computer systems, including the Macintosh, Lisa, II+ and IIe models. The ML 92 model emulates Apple's Imagewriter, enabling users to put on paper the image appearing on screen.

Okidata, 532 Fellowship Road, M, Mount Laurel, NJ 08054.



Epson Geneva PX-8

Networx introduces six-outlet regulator; protects against voltage surges, spikes

BROOKLYN, NY—Networx has introduced the Wire Tree Plus, which the company claims will eliminate harmful power signals within one-billionth of a second after activation. The device protects against voltage surges, spikes and radio frequency interference by preventing the signals from penetrating computer and peripheral equipment circuits.

The six-outlet unit mounts on computer, table or desks. Two illuminated switches control power for five of the outlets; a sixth is on line continuously to retain information in volatile memory or for devices such as clocks that require constant power.

Networx, 203 Harrison Place, M, Brooklyn, NY 11237.



Networx Wire Tree Plus

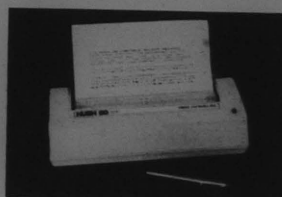
HDS begins producing display terminal line

PHILADELPHIA—Human Designed Systems, Inc., has announced the production of a \$1,895 display terminal which includes features such as block fill, memory dump and load, dotted and dashed lines and memory dim.

Human Designed Systems, Inc., 3440 Market St., M, Philadelphia, PA 19104.



HDS GVT+ terminal



Ergo HUSH 80

Ergo System premier dot matrix printer

MENLO PARK, CA—Ergo Systems has introduced an 80-column dot matrix thermal printer called the HUSH 80. The unit features bidirectional printing at 80 characters per second, graphics at 4800 dots per square in. and a weight of 28 oz.

The HUSH 80 is offered in three models, each of which can be equipped with a built-in rechargeable nickel cadmium battery pack as an option. The model HUSH 80CD provides direct interfacing to the Commodore home computer line; the HUSH 80P is a Centronics-type parallel interface version; while the HUSH 80S provides a serial RS232 interface. All models include the interface, interface cable and a 100-ft. roll of thermal paper ready for use.

Ergo Systems, Inc., 1360 Willow Road, M, Menlo Park, CA 94025.

Axiom Corp. unveils full-color printer

SAN FERNANDO, CA—A full-color printer that's compatible with the Atari line of home computers has been introduced by the Axiom Corp. Priced at \$599, the GP-700AT plugs into the Atari user/serial port, requiring no 850 interfaces. The printer comes with cable and screen dump programs which allow color selection for dumping the Atari color screen.

The GP-700AT prints in up to 25 different Atari colors with a single pass of the print head. The cassette-type ribbon is inked in black, red, blue and yellow. Print speed is up to 50 characters per second. The manufacturer emphasizes that an important feature of the printer is the data compression/expansion system which speeds color information to the printer up to 100 times faster than conventional software.

Axiom Corp., 1014 Griswold Ave., M, San Fernando, CA 91340.



Axiom GP-700AT printer

Merchandising

A GRALLA PUBLICATION

SEPTEMBER 1984

Home and Auto Electronics • Housewares • Major Appliances

THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALESALEERS AND DISTRIBUTORS

Retailers build the best year ever in...

Video Hardware

How American TV cracked \$160 million in '83

Market prepares for the under-\$300 VCR

What's available in stereo televisions?

Asimov and others predict the future of home video

In search of the perfect projection TV salesperson

Also in this issue:

- Competition picks up in the \$1.5 billion rent-to-own industry
- What's hot in housewares?
- Some stores turn their backs on low-end computers
- New appliance colors generate interest and confusion at retail
- Commodore prepares for life beyond the 64

TRENDINGS IN COMPUTERS

Coleco's ad campaign pushes education for the masses

No matter how terrific your product is, or how it will revolutionize the home, office or car, it really doesn't matter unless somebody buys it. So we have advertising. Lots of it. From "Where's the beef?" to "Coke is it!" Americans are confronted by various assaults on their consumer urges on a daily basis.

When we take a look at computers, Apple's "1984" spot for the Macintosh probably is the best remembered of the genre. But was it effective? Have you seen earnings statements from Apple Computer, Inc., lately? The spot was pretty effective.

Now let's turn to the low-end part of the market, where Commodore, Coleco and Atari will be battling for fourth-quarter sales honors.

Coleco Industries is spending \$15 million to promote its Adam from now through Christmas. This prodigious effort on the part of the folks from West Hartford, CT, will be masterminded from, where else?, New York's Madison Ave., where Ketchum Advertising holds forth. Have a listen to the man upon whose favor Coleco's fortunes rest: W.H. Peter Cornish, Ketchum's executive vice president and creative director.

"You know how when you talk to people they always say they want their kids to have it better than they had it when they were young?" Cornish asked. "Well, that's the way we're selling Adam to middle-income families."

Cornish said only one other computer, the Commodore 64, has been marketed as an educational tool, but Commodore recently broke away from that theme for reasons Cornish couldn't explain.

"Our ads present Adam as a rather serious computer that will help children learn," he said. "There are three ways a computer can help a kid. It can teach a child about a computer. It can act as an educational tool in itself. And it can help a child improve his grades in any subject."

Unit improves grades

Asked how a computer can do what even the strictest Mother Superior could not, Cornish replied "Did you ever write a paper and know it could be a little better if you just rewrote a few lines. Well, with Adam you can edit, move paragraphs around and then just push a button and have the paper printed."

Cornish said Adam will be aimed at eight-year-olds to high-school-aged students, and will be sold primarily by appealing to the millions of "middle-income" Americans out there who know precious little about floppy disks, modems and the like. "Most Americans aren't technical and don't want to come home and work with a computer, but they want their kids to be competing at the same level as other kids," Cornish said.

He stressed that the three 60-second commercials emphasize how easy Adam is to use. There are three different themes in the ad campaign: homework is made easier by using Adam; kids are more interested in schoolwork as a result of using the unit, and a spot showing a blue collar couple discussing the problems connected with buying a computer. All

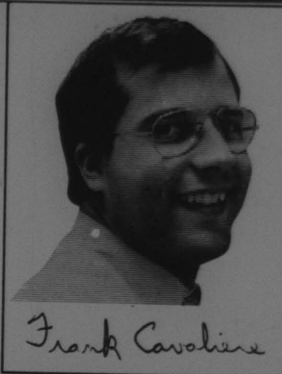
will air with tag line: "The smartest gift you can give your family."

The attempt to increase sales comes none too soon for Coleco, whose computer manufacturing has continued to drag on profits. In the second quarter, company earnings were off 44 percent, even though Cabbage Patch Kids' sales more than doubled in the first six months of 1984. That tells you that Mr. Cornish has his job cut out for him, to say the least.

But if he's worried, he doesn't let on. "The reason sales haven't been

good is because Coleco hasn't advertised the Adam lately," Cornish declared. "And it's a fabulous product. I have one in my office." The fact that lots of folks out there, presumably many of the same middle-income families that Coleco is now tempting to buy the Adam, were displeased with the old Adam does not faze Cornish.

Since its summer 1983 birth, Adam has been beset by problems, many of them well publicized. But Coleco officials now insist that the new Adam is a quality unit that deserves the confidence of the marketplace and industry analysts. Besides, argued Cornish, not too many potential customers know about the machine's spotlight history.



Frank Cavalliere

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13. ☐ Other (describe)



Produced by the Electronic Industries Association/Consumer Electronics Group

Commodore prepares itself for a new life, beyond the 64

By Frank Cavaliere, associate editor

NEW YORK—When industry analysts estimate that your company has cornered at least a 60 percent market share in your firm's principal area of business, you can afford to be at least quietly confident about its continued success. Couple that with the fact that much of your firm's immediate competition has either stopped producing competing products or has been altered in such a way that they're less of a worry than they were a year ago, and that confidence can't help repeatedly seeping into your conversation.

Such is the case with Commodore's vice president of marketing and sales, Jim Dionne. The six-year veteran of the home computer market, all with Commodore, firmly believes that his company will emerge from the recent low-end computer shakeout as a long-term force in the under-\$500 marketplace.

Commodore hasn't emerged from the price and product war unscathed, however. Bad publicity surrounding its decision to delay shipments of new home computer products, now known as the Plus/4 and the Commodore 16, until this summer, hurt in terms of Wall Street confidence. Nevertheless, most analysts and industry executives don't expect Commodore to follow the path of Texas Instruments, which lost \$660 million on the home computer business and dropped the category in October, 1983.

But they do worry that the Bahamas-based firm (part of the reason for its headquarters is tax related, Dionne said) will have a hard time topping the 64 once that model's lifespan begins to wane.

The doomsayers will be wrong this time, Dionne asserted. The soft-spoken executive carefully pointed out that Commodore has entered its post-Jack Tramiel period with full confidence.

A 'Ford' approach

Dionne said the firm, which operates its United States operation out of West Chester, PA, has begun to segment the low-end market with the introduction of the Plus/4. "Ford might have started with the Model T, but it now has a complete line of cars," he said.

"The 64 is like a Chevrolet. In our new ad campaign it's being touted as an all-purpose computer; a person can use it for game, educational or productivity software," Dionne added. The Plus/4 is in turn being hailed as Commodore's "Cadillac," or top-of-the-line unit. It will sell for about \$300 without peripherals and will appear on retailers' shelves in time for the Christmas selling season. The Plus/4 has 50 percent more usable memory than the 64 and four built-in software programs—word processing, database management, spreadsheet analysis and graphics.

Dionne said the unit will be aimed primarily toward the small business operator, rather than the home as is the 64. He would not reveal projected sales figures for the product, other than to say he expects a "successful introduction."

But no matter how well the American consumer accepts the Plus/4, imitating the success of the 64 will be difficult. Commodore said it sold

more than 1.2 million 64's in 1983. And the company made money, lots of it. Sales more than doubled in last year's fourth quarter, to \$431.4 million, up from \$176.3 million.

Dionne said 1984 will bring "another Commodore Christmas," and based his prediction on the lack of solid competition and on still-healthy sales of the 64, which is selling at the rate of 300,000 per month. And as befitting a marketing man, Dionne did not fail to call attention to what he said was the 64's superiority over its competition.

"It's unusual to have a low-end machine that's as powerful as its higher-priced competitors. The 64 can compete with the Apple series of computers. A common misconception is that when a computer is labelled 'low-end' it can't do that much, but in this case that isn't true," he claimed.

Another reason for the 64's continued success is its price, Dionne said. When Commodore decided to reduce the price of the 64 to \$200 in June of last year, the move was designed to establish the computer at the expense of competition.

The strategy seems to have worked. Commodore sold more microcomputers than Apple or IBM combined last year: about three million 64's worldwide.

Lean and mean

A good deal of Commodore's success can be credited to the firm's operating procedures, according to Dionne. These dictate: Remember how tough it was before we struck it rich.

"Commodore has cost leadership," Dionne said. The company's "vertical integration" enables it to keep tight control over the computer chips it produces, in-house, for use in the computers it makes.

Employee levels are also kept low, to avoid the mass layoffs that seem to be periodic plagues affecting the rest of the industry. "Commodore has 20 people in its marketing department," he pointed out. "Atari had something like 300 in its, and look what happened."

"There's no question that we are

profitable, and we don't run our business any differently because of where we are now. We remember how tough it was when we entered this business six years ago from the calculator side," Dionne said.

The current state of the low-end computer business has left Dionne somewhat surprised. "I expected a shakeout, but not one so drastic as what we had. Really, everyone else in our field has left," he said.

One firm that has survived, albeit in a far different form than in its heyday, is Atari. Many industry observers figured that when Commodore's former head, Tramiel, purchased the Warner Communications division it would signal the resurgence of Atari in Commodore's area of expertise.

But Dionne said he isn't worried. "It's no secret that Jack Tramiel wants to be in the home computer business. We welcome Atari as competition," he remarked. "Some people think it's better to have no competition, but we would rather have a couple of competitors—it will generate interest in the category."

While Dionne isn't underestimating Tramiel's ability to enter the market with a bang, he said it would be very hard for any potential adversary to duplicate Commodore's low production costs.

Claims stability

Nevertheless, some analysts say growth in the home computer industry has been disappointing. They point to consumer reaction to 1983's pricing changes, a more seasonal market for home computers than most people had thought possible and add that the industry is short of product because of all the firms that dropped out last year.

Dionne dismissed the arguments. "Pricing is much more stable this year than in '83. People thought computers would be like calculators, that they could get the same product a lot cheaper if they waited a week. That might have been true to some extent, but no longer. There really hasn't been that much of a price change since September '83, other than a few people clearing out inventories."

As for claims that there's a product shortage, he acted bewildered that people could actually believe such a comment.

(Continued on page 71)



COMMODORE'S CHEVROLET, according to Jim Dionne, vice president of marketing and sales, is the firm's best-selling Commodore 64. The unit is being promoted as an all-purpose computer in Commodore's fourth-quarter advertising campaigns.

MERCHANDISING

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SEPTEMBER

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Weak profits lead retailers to drop under-\$500 computers

By Frank Gaudiers, associate editor
BIRMINGHAM, AL.—As retailers begin preparing themselves and their inventory for the fourth-quarter selling season, some are reporting that low-end computers will no longer be part of their merchandise mix.

These systems, usually selling for less than \$500, are not profitable, buyers report. And no matter how much promise manufacturers say still remains in the category, they do not want to carry the computers as a traffic item. Televisions, stereo systems and even toasters fill that niche quite nicely, these retailers added.

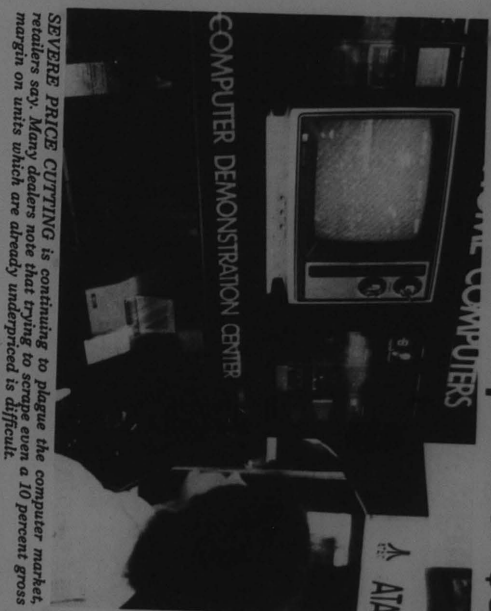
At the root of the problem is the constant price cutting that has plagued the market. Retailers stressed the problem of trying to carve even a 10 percent gross margin on units that have been reduced in price many times is difficult at best, impossible at worst. The conventional thinking that holds software will make up for lost dollars in the hardware area is not true, they assert. And they do not believe peripherals are the answer either.

As a result, some chains, from small catalog operations to fairly large discounter, have dropped computers from their mix and are relying on other consumer electronic items to pick up the slack, primarily televisions and VCR's.

'Not our business'

"I don't think it's our business," declared electronics buyer Murray Tanner of Golbro, a six-unit catalog showroom chain headquartered in Birmingham, AL. Tanner said he was lured into carrying the Texas Instruments 99/4A, but dropped the category when TI decided to leave the home computer business last October.

"It's not a cataloger type of business. Like everything else, you have to carry a selection, not just one or two. And it's hard for us to carry that kind of inventory," said Tanner, who added computers had approached vid-



SEVERE PRICE CUTTING is continuing to plague the computer market, retailers say. Many dealers note that trying to scrape even a 10 percent gross margin on units which are already underpriced is difficult.

egames in terms of profit margins. "There, we had to sell seven or eight cartridges to each customer before we began to make money because we couldn't make anything on the consoles," he continued. Tanner said he would rather Golbro put more of a dollar commitment in the chain's jewelry department, an area in which catalogers traditionally do well. "What we have to do as an industry is sell it at a good price," said Tanner.

Another small cataloger facing similar problems is Wilbro, according to the chain's computer and electronics buyer Doug Dempsey. Although the showrooms are currently selling the Coleco Adam for \$699, Dempsey said much of the inventory has been carried over from last year.

"We're not actively seeking sales in that (computer) area," said Dempsey, who like Tanner of Golbro, doesn't believe selling computers is

Commodore expects no competition, price slashing from IBM or Apple

(Continued from page 70)

Dionne dismissed another potential problem when he said he does not expect Apple or IBM to cut their prices on the more powerful personal computers in order to compete directly against Commodore. Although these machines perform business chores faster than their home counterparts and can be expanded to run multiple disk drives, two computer giants won't completely enter Commodore's niche.

"There is a long-term trend to more powerful computers at lower prices, but the twain won't meet," he said.

Making plans

Dionne said peripherals will become an increasingly important part of Commodore's business. A year ago the firm was selling one disk drive for every three computers it sold. Now, the ratio is one for one. While he would not disclose what percentage of sales peripherals will be in Commodore's total product mix, he did allow that they will eventually account for more sales than the central process-

ing units.

New channels of distribution also will be blazed as more Commodore product is shipped to third-world nations in South America. "The reason why we haven't explored the market before is because we've had to concentrate on supplying our current distribution channels. But South America is about a couple of years behind the U.S. in terms of technology, so we think it can be a strong growth area for us," Dionne said.

And Commodore is planning to introduce what it is tentatively calling the "Commodore PC" in Europe early next year. The portable unit will be compatible with IBM's PC, and, Dionne said, it will be priced below both the PC portable and the Commodore "sometime" in 1985, said Dionne, being purposely vague.

Does Commodore have to expand its line to survive? "We could do quite nicely dominating the low end, but we want to expand," Dionne said. "We'll be showing a broad line of new offerings at the January CES."

compatible with a catalog showroom's type of merchandising strategy.

"Unless you're an electronics maven, you're not going to do a good job selling computers. All we want to do is sell to the masses. We offer name brand merchandise at a very, very competitive price and we just don't have the personnel to handle a computer," he explained. "I can generate much more traffic by promoting a boom box than I can by selling computers, unless I sell them in depth."

The four-unit, Dothan, AL-based cataloger never was heavily into the category, carrying TI and Timex units last year in addition to Coleco's Adam. One of the problems limiting Adam sales is the lack of compatible software, according to Dempsey. If sluggish sales of the unit continues, the buyer will drop the unit's price to the low \$600's during the holiday season.

"They just didn't sell."

One of the stalwarts of Midwest discounters, 125-unit Alco, has also dropped low-end computers. Electronics buyer Dick Milner said the out of the business a year ago because "they just didn't sell."

The buyer carried the Atari 400 and 800 XL models, along with the Commodore VIC-20 and Timex units, and couldn't make more than five percent profit on any of the hardware.

Milner said one of his critical mistakes was thinking computers would sell themselves. They didn't.

"We went into the category with the attitude, Here it is, buy it," he reported. "But the customers wanted information and we weren't able to handle the questions. You had to understand a computer just to run the demo package."

The buyer also said that software did not make up for the loss of hardware dollars. "We had less than no success on software. They say in this business that the first year you should sell \$3 worth of software for every dollar of hardware. The next year the ratio should be five to one. If that was true, we'd need dump trucks to haul away all the money we'd be making," Milner said.

"People who are really interested in computers are going to go for the

Applian," declared Dave Quillo, electronics buyer at the five-unit Grandpa Priggen's in Bridgeton, MO. The firm began exiting the category in January and Quillo said he's glad to be out.

"If you can't spend \$1,500 for a system, don't spend anything at all. The people who will buy units now are second-generation computer buyers who have adopted a wait-and-see attitude toward the category," he said. Quillo added that basic electronic areas such as televisions and VCR's are especially strong, so that he hasn't missed selling computers at all.

The trend continued at J. Byron's, a Miami-based department store that operates 64 stores. Buyer Ross Pollack said that by the spring of 1983 "we could pretty much see what was happening" in the low-end area.

Pollack said the Commodore 64 was consistently being promoted and Atari prices. Both of these strategies slashed margins on the retail level, causing him to decide to rid himself of computers altogether, Pollack reported. The buyer said he was in the process of trying to sell his remaining software stock at below cost.

Pollack summed up the feelings of the retailers polled when he said, "I have no intention of getting back in the category. The business is going back to the electronics stores."



A WIDE SELECTION of computers is essential to succeed in the business, says Murray Tanner, electronics buyer, Golbro catalog showroom, Birmingham.

Cavaliere on computers

* * *

Read Trendings on page 9

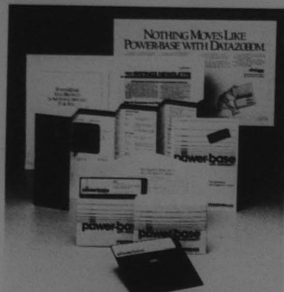
COMPUTER PRODUCTS

PowerSystems packages database management unit

NEW YORK—PowerSystems, Inc., has packaged a database management tutorial for \$10. The demonstration package for the IBM PC, XT and compatibles includes the first 99 pages of the Power-base tutorial and a file application recorded on Power-base diskettes.

The user can then practice building business applications from personnel tracking systems, sales analysis models, multi-file inventory control and order entry databases. Users wanting the product are advised to send a \$10 check or money order to the address below.

Power-base Systems, Inc., 12 W. 37th St., M, New York, NY 10018.

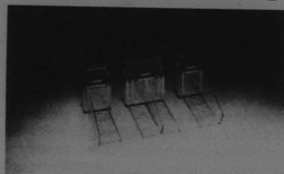


Power-base tutorial

Deijon introduces software display system; holds 5 lbs. per pocket and is 5 in. deep

EAST RUTHERFORD, NJ—Deijon has introduced Pockettes, a merchandising display system for computer software. The units hook onto pegboards or slat walls and are made of clear plastic. They will hold up to five lbs. per pocket and measure four-in. deep, and have a 15 degree slope so the displayed product is always leaning against a wall.

The company asserts that Pockettes allows a retailer to organize any size package that can then be personalized with logos.



Deijon Pockettes

Deijon Inc., 163 East Union Ave., M, East Rutherford, NJ 07073.



Microcom MacModem

Microcom shows 1200 baud modem

NORWOOD, MA—Microcom, Inc., has unveiled MacModem, a 1200 baud modem available for the Apple Macintosh computer. The package includes the modem, software, cables and a free subscription to the Dow Jones News/Retrieval Service with one free hour of use. The direct connect modem supports auto dial and auto answer. MacModem offers both tone and pulse dialing, a speaker to monitor the progress of a call and a complete set of LED status indicators on the front panel.

The unit also allows the user to store telephone numbers, communications parameters and log-on sequences. To connect with another computer, the MacModem user clicks the mouse on the desired number. Suggested retail price is \$699.

Microcom, Inc., 1400A Providence Highway, M, Norwood, MA 02062.

Alphacom unveils portable printer

CAMPBELL, CA—Alphacom, Inc., has introduced a portable, 80-column printer that the company says is compatible with most home and personal computers, including battery-powered portables. Labeled the Traveler, the 5½-lb. unit prints 60 characters per second. It will print 100 pages of text and graphics on its batteries, or it may be plugged into a wall outlet for continuous operation using its separate adaptor/recharger.

The Traveler measures 14½ in. wide, 3¼ in. high and 7½ in. deep. A cable interface lets users link the printer to most computers by plugging the appropriate interface cable into the printer's cartridge-like slot. The unit will be available next month at a suggested retail price of \$199.95. A thermal paper roll, rechargeable batteries and separate 110 VAC adaptor/recharger are included in the price. A padded fabric carrying case will be available as an option. Interface cables for computers with RS232 or RS422 ports are priced at \$49.95 each.

Alphacom, Inc., 2323 Bascom Ave., M, Campbell, CA 95008.



Alphacom Traveler

NEWSLINES COMPUTERS

NEW YORK—If at first you don't succeed, give it another try. IBM apparently heeded the proverb's advice when it announced changes on its PC home computer line last month.

In trying to reverse slowing sales of the troubled PCjr, the company announced the unit will be sold with a remodeled keyboard, an optional 512,000-character memory, a program to allow part or all of the expanded memory to be used in an "electronic diskette" drive and used as if it were a second disk drive, an expansion attachment to provide extra power and a speech synthesizer.

The PCjr was introduced last November as a lower-cost, less-powerful version of IBM's Personal Computer. But PCjr sales have been below both industry and IBM expectations. One reason, analysts have said, is its light keyboard whose keys have derisively been referred to as "Chicklet-like." The keyboard made long typing projects difficult, and the available memory couldn't run many PC programs.

RICHMOND, VA—Former Best computer stores will be known as "On Line Computer Plus" units. The nation's largest catalog showroom chain based here in Virginia sold the six-unit chain to On Line Micro Center, Inc., of Hayward, CA, at the beginning of March. Since then, On Line merged with Boston-based CPU Corp. and moved its headquarters to Boston. CPU owns computer stores and franchise operations similar to ComputerLand units.

Two of the former Data Base units, as Best named them, are located in Richmond. The rest of the stores are located in Norfolk, Virginia Beach and Roanoke, VA, and Raleigh, NC.

A Best spokesman, Charles Koums, said the cataloger decided the Data Base units "did not fit into the long-range plans of the company." Best's seeming inability to earn a sufficient return on its investment did not affect company earnings, said an analyst who follows the company. "I believe they sold the operation at less than book value, or close to it," said Ken Gassman, an analyst and vice president for Richmond-based Wheat First Securities. "I looked at Best's annual report pretty closely and couldn't find where the sale had any effect on the p & l (profit and loss) statement."

When the first Data Base store was introduced in March, 1982, then Best president Andrew Lewis said the chain hoped to cash in on the rapidly growing home computer business. "We think the Data Base will be the best computer store around," he was quoted as saying.

MANAGEMENT MOVES—Bill Vick has joined TCS Software, Inc., as vice president of sales. He will be responsible for the firm's inside and outside sales operations ... At Tactel Systems, Glenn Secrest has been named vice president and general manager, channel management systems, and James Liatl has been appointed vice president and general manager, cellular systems ... C.W. Rea has been appointed president and chief operating officer of Gavilan Computer Corp. ... Formerly with Creative Software, Elliott Dahan has started his own consulting company called Software Management Association ... Interactive Research Corp. has named James Paige to the newly created position of vice president of marketing and sales ... Ingram Software has added William Henry as vice president, sales director... Coleco named Robert Baker, formerly of Apple Computer, Inc., vice president, electronic manufacturing.



Ingram named Henry
vp, sales director

NEW RELEASES IN SOFTWARE

COMPUTERS

GAMES

CASTLE WOLFENSTEIN, Muse. IBM PC-, PCjr-compatible. Available now. Suggested retail \$29.95.

CUTTHROATS, Infocom. Apple II series-, IBM PCjr- and Commodore 64-compatible. Available now. Suggested retail \$39.95.

THE PARTY QUIZ GAME, Suncom. Apple II series-, Atari series-, Commodore 64- and IBM PC-compatible. Available now. Suggested retail \$69.95; IBM PC, Apple II series \$74.95.

QUESTPROBE, Commodore. Commodore 64-compatible. Available now.

STELLAR 7, Penguin. Apple II series- and Commodore 64-compatible. Available now. Suggested retail \$29.95.

TRIVIA FEVER, Professional Software, Inc. Commodore 64- and IBM PC, PCjr-compatible. Available now. Suggested retail \$39.95.

WORD CHALLENGE, Hayden. IBM PC-, Apple II- and Commodore 64-compatible. Available now. Suggested retail \$39.95.

XYPHUS, Penguin. Apple disk-compatible. Available now. Suggested retail \$34.95.

LEARNING

B/GRAPH, Commodore. Commodore 64-compatible. Available now.

CHARTS UNLIMITED, Graphware Inc. Apple II series-compatible. Available now. Suggested retail price \$195.



DR. HALO, Lifeboat Associates. IBM PC-compatible. Available now. Suggested retail price \$99.

Fanon Courier to buy 80% of Spectravideo

GREAT NECK, NY—Spectravideo, Inc., manufacturer and marketer of personal computer systems, peripherals and accessories, recently announced that Fanon Courier Corp. will acquire up to an 80 percent controlling interest in the firm.

Fanon Courier is a manufacturer of communications products headquartered in Mission Hills, CA. The agreement is subject to Spectravideo's ability to restructure about \$2.6 million of unsecured debt in a way that will please Spectravideo's unsecured creditors, shareholders and to Fanon Courier.

EARTHWORM DISSECTION, Cross Educational Software. Apple II- and Apple IIe-compatible. Available now. Suggested retail \$30.

FROG DISSECTION, Cross Educational Software. Apple II- and Apple IIe-compatible. Available now. Suggested retail \$30.

JUST IMAGINE, Commodore. Commodore 64-compatible. Available now.

SARGON III, Hayden. Commodore 64-compatible. Available now.

SMART LETTERS AND FORMS, Coleco. Coleco Adam-compatible. Available now. Suggested retail \$24.95.

SMURF PAINT 'N PLAY WORKSHOP, Coleco. Coleco Adam-compatible. Available now.

VISICALC, Software Arts. Apple II

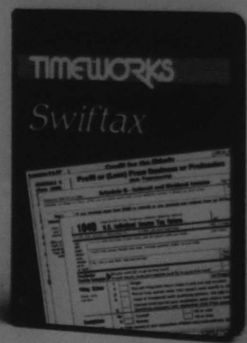
series-compatible. Available now. Suggested retail \$179.

PERSONAL FINANCE

FORECAST, Monogram. IBM PC-compatible. Available now. Suggested retail \$29.95.

HOME EXECUTIVE, Superex. IBM PC, PCjr-, Apple IIc-, Apple Macintosh- and Commodore 64-compatible. Available now. Suggested retail \$89.95.

SWIFTAX, Timeworks. IBM PC, PCjr-, Apple II series-compatible. Available in fall. Suggested retail \$69.95.



Dealer friendly.

In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

They'll give you fewer service problems, thanks to the famous Zenith reliability and commitment to quality. Zenith knows video: who can make better monitors than the company that has been making better television sets, over sixty million of them, since 1948?

When it comes to your bottom line, Zenith monitors provide exciting profit opportunities, with generous margins available on every model.

Best of all, Zenith monitors will delight your customers, with advanced features and dazzling graphics that enhance virtually any personal computer. Including Zenith's own exciting IBM-compatible Z-100 PC's.

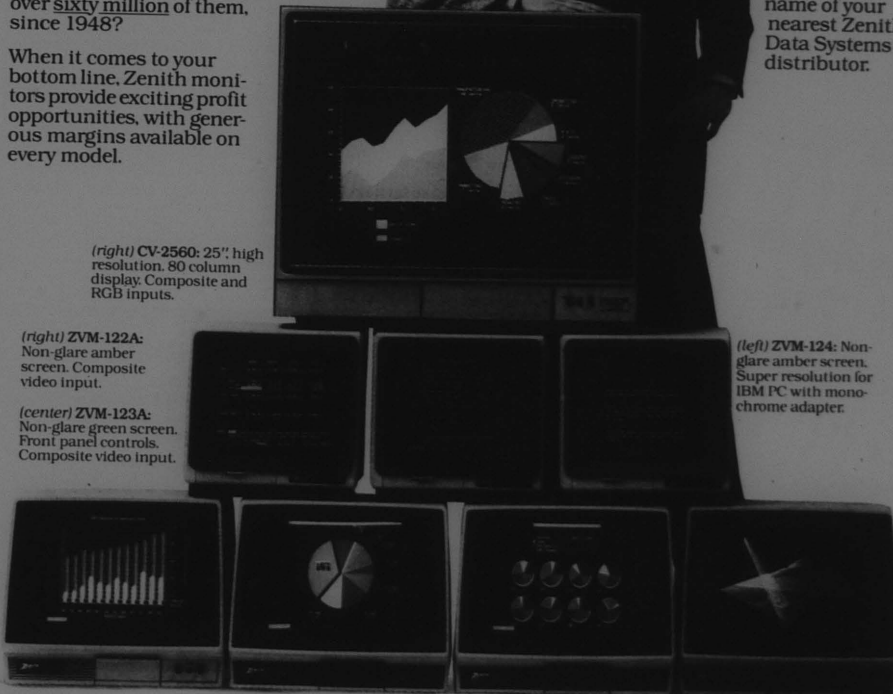
Find out more about "dealer friendly" monitors by calling 1-800-842-9000, ext. 2, for the name of your nearest Zenith Data Systems distributor.

(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

(left) ZVM-124: Non-glare amber screen. Super resolution for IBM PC with monochrome adapter.



ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

ZENITH

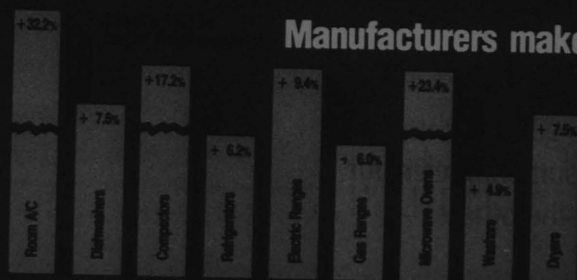
data systems

Merchandising

Home and Auto Electronics • Housewares • Major Appliances

Retailers pick 1984's housewares winners
Black & Decker brand appliances unveiled
Home healthcare products earn acceptance
Travel electrics section builds sales at Younkers
Vendors tout electronic programmable thermostats

First October show kicks off a fantastic fall for housewares



Also in this issue:

- Video software vendors step up promotions
- Audio Round Table: Fine tuning a steady market
- Mass merchants hang on with low-end computers
- Easy sales send retailers' refrigerator sales up 10-60%
- More retailers pick up on the pager market
- Help wanted: Trained clerks to sell microwave ovens
- Computer peripherals fight for a foothold

TRENDINGS IN COMPUTERS

Xmas attitudes may set pace in computer retail market

Are you an optimist or a pessimist? For retailers, unlike many people in other professions, the answer matters. Now that Christmas plans are already in place, many are wondering if they bought into the various categories correctly.

If you count yourself among the former group of thinkers, your thinking could follow along these lines:

The low-end computer business will really come into its own this fourth quarter. The American public hasn't seen a shakeout during the time when they're deciding whether or not to buy a unit. Most of the wheelings and dealings have occurred during the beginning of the year, so many people are not being constantly reminded of just how volatile and fast-changing a business this is.

Furthermore, they are seeing some commercials that are attempting to explain the joys of computing, not bullying or "guilt-tripping" the populace into purchasing a unit. Maybe these ad campaigns will really do the trick this year and convince people to buy these things.

People are becoming smarter too. No longer will they walk into the showroom or department and seem bewildered when a clerk mentions that a particular unit needs a disk drive or monitor to do the tasks that the customer wants the unit to do. The shopper already has become familiar with the subject and knows what he or she wants, but has an open mind regarding which brand to buy.

Another reason for your optimism might well be the fact that you've been reading newspaper accounts of local school districts in your area that have been allocating funds for computers to be put in classrooms. This, you reason, will only serve to increase consumer interest. Parents are going to want to assist in their child's education by providing all the advantages they can.

So you bought into the department quite deeply, and your inventory is showing signs of strong movement even in the beginning of October.

The other side

On the other hand, maybe you're the guy who could be stranded on the proverbial desert island with Raquel Welch and would complain because she couldn't whip up a meal for you (or a woman who wasn't happy with Tom Selleck for the same reason—let's not be chauvinistic).

The pessimist takes much of the same arguments or suppositions used by his counterpart and changes them to his way of reasoning.

First, you ask what reason do you have for being optimistic? Atari is still up in the air as far as product is concerned. Not too many people were ecstatic about the old Adam, so why should I believe that the outcome will be any different with the new, improved model? And the Commodore 64 just can't keep going on forever.

Also, I'm not able to carry Apple and IBM in my store, and even if I could, the recent round of price cutting wouldn't give much too much on margins.

People are still just as unsure of themselves concerning computers as they've been in the past. Just because Alan Alda was hawking them on the

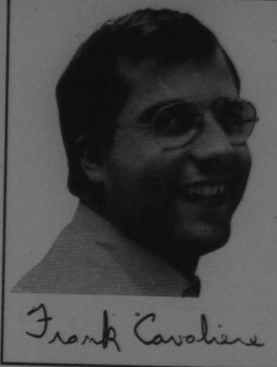
tube doesn't mean that people are going to flock to my store knowing exactly what a computer can do for them. The industry is still looking for a problem after proclaiming that it has the solution.

As for school districts, our pessimist doesn't operate his stores in what could be termed affluent areas. Sure, many districts provide ample computer time for students, but the ones in my market area are struggling just to pay the teachers to maintain an adequate student-to-instructor ratio.

They are in no position to order 150 Apple IIc's.

So there you have it. Both retailers buy computers, but only one group is looking forward to the coming Christmas season. Possibly the pessimist will make up for lost sales by selling more VCR's or color televisions. What probably will happen is that between the white of the optimist's picture and the total black of the pessimist's scenario will emerge a shade of gray.

This won't be a boom year for personal/home computers. The 1981 season took care of the boundless enthusiasm that once greeted this category. This Christmas will prove exhilarating to some and disappointing to a few more, with most retailers caught somewhere in the middle.



Frank Cavaliere

Only MERCHANDISING Gives You Complete, Up-To-The-Minute Coverage Of The Home/Auto Electronics Industry — Plus Exclusive Extras All Year Long

To find out the latest industry news, there's no better source than the latest issue of MERCHANDISING. We report on new trends and developments, new products and forces which might have an effect on the industry, including government actions, legislation, etc. And, via the regular Trendings column, store operations features and retailer interviews and round-ups, you'll stay on top of current merchandising, sales, promotion and display techniques.

MERCHANDISING's Exclusive Features Keep You Fully Informed

MERCHANDISING keeps you informed throughout the year to give you a complete knowledge of the industry. That includes the Annual Statistical & Marketing Report, a full report on the year's product shipments, appearing in the March issue; the Annual Consumer Survey in July, based on 2,000 consumer interviews, probing their buying plans and purchasing patterns; and the Supplier Directory & Product Guide in November, a comprehensive reference guide to all product categories and their sources.

Merchandising
Your Source For Home/Auto Electronics

Computers Aim Straight At The Masses

DAD Move From The

61st ANNUAL STATISTICAL AND MARKETING REPORT

VIDEO

BLACK & WHITE TV SHIPMENTS

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
Color	1,000	1,000	+0.0%
Black & White	1,000	1,000	+0.0%

VIDEO TV SHIPMENTS BY SCREEN SIZE

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
13"	1,000	1,000	+0.0%
14"	1,000	1,000	+0.0%
15"	1,000	1,000	+0.0%
16"	1,000	1,000	+0.0%
17"	1,000	1,000	+0.0%
18"	1,000	1,000	+0.0%
19"	1,000	1,000	+0.0%
20"	1,000	1,000	+0.0%
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23"	1,000	1,000	+0.0%
24"	1,000	1,000	+0.0%
25"	1,000	1,000	+0.0%
26"	1,000	1,000	+0.0%
27"	1,000	1,000	+0.0%
28"	1,000	1,000	+0.0%
29"	1,000	1,000	+0.0%
30"	1,000	1,000	+0.0%

VIDEO CASSETTE SHIPMENTS BY TYPE

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
Color	1,000	1,000	+0.0%
Black & White	1,000	1,000	+0.0%

VIDEO CASSETTE SHIPMENTS BY FORMAT

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
Color	1,000	1,000	+0.0%
Black & White	1,000	1,000	+0.0%

VIDEO CASSETTE SHIPMENTS BY PRICE

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
Color	1,000	1,000	+0.0%
Black & White	1,000	1,000	+0.0%

VIDEO CASSETTE SHIPMENTS BY REGION

Year	1980	1981	% Chg.
Total	1,000	1,000	+0.0%
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VIDEO CASSETTE SHIPMENTS BY COUNTRY

Year	1980	1981
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Merchandising COMPUTERS



PUSHING PERIPHERALS, some retailers are promoting the serious side of computers as opposed to their game-playing capabilities. And some have been successful, although it's a hard-won battle in many ways.

Peripherals seek niche in ever-changing market

By James Vescovi, contributing editor
CINCINNATI—Dependent on the constant fluctuations in sales of hardware and software, peripherals are struggling to gain a foothold in many catalog showrooms, department stores and consumer electronics operations.

According to some buyers interviewed by *Merchandising*, sales and profits are growing as the public's perception of the computer changes from that of a toy or novelty to an educational or productivity tool which requires peripherals to operate.

But that was not the case at all stores. Some buyers said sales were down, leading them to consider dropping the category altogether, if they hadn't already.

How are peripherals, doing compared with the hardware market?

According to Future Computing, 40 percent of all computers have a dot now have outboard storage devices, and 75 percent of them were purchased with the computer. Twenty percent of all computers have dot matrix printer, two thirds of which were purchased with the original unit. And 16 percent of the computers in use now have letter-quality printers; 50 percent of them were bought with the original purchase.

Tired of games

"Originally, we were told to sell computers as a game and we did," said Bill Jeffrey, a buyer at Swallens in Cincinnati. "But, now, everybody's tired of games."

Although sales of peripherals, like the Commodore 1541 disc drive and the 801 and 1526 printers, were stable at Swallens at press time, Jeffrey expects them to increase as the fourth quarter progresses.

He said the growing interest in educational software is an indication that people want their computers to do more than entertain. "The emphasis is on useful software," he added. "Everyone's trying to follow companies like Spinnaker."

And if this is indeed a trend—that people are beginning to recognize the computer as a tool for doing research or a way of storing data—then they

(Continued on page 81)

Survey peers into the future:

Retailers should concentrate on home market

By Frank Cavaliere, associate editor
BOSTON—Both department stores and discounters will have trouble succeeding in the business computer area, but will continue to meet with at least limited success by continuing to cater to the strictly home and home/office computer market.

This conclusion was among the major findings of a recent survey conducted by The Yankee Group, a market research firm based in Boston. The survey detailed findings from 1,037 questionnaires from respondents involved in the selling of computers and related merchandise.

While much of the survey dealt with various outlooks for the desk-top computer in the business-world environment, it also considered consumer electronics stores, discounters and peripheral-only stores in addition to department stores, as to how each relates to business market.

The survey stated that the computer market as a whole is declining in the independent single-store area. This decline has been fueled by the growing franchise and chain outlet operations that specialize in small business and high-end personal and home computer units.

Largely concerned with the selling of peripherals in four types of retail outlets, the study found the following:

Department stores—After stating that desk-top units will not meet with success in the department store environment, the survey conceded that some customers would buy at least some computer-related merchandise here. However, the summary of their future in the market was mostly negative.

"While they would continue to offer some convenience in the purchase of standard peripherals, or at the other extreme, expensive peripheral 'toys,' department stores will have a limited involvement in this market," the survey concluded.

Electronics stores suffer

Consumer Electronics Stores—The study said these types of stores would see their sales suffer primarily because potential customers do not see this type of operation as offering "expert" advice. "Because CE stores in fact are not the computer experts (a connotation that ranges from product knowledge to selection) that specialty computer retailers are, and cannot command the margins needed to

provide that expertise, they will not become a major factor in the sale of business computer systems," the study said.

But these stores will be able to hold on to at least some of the market they already have, the survey predicted. Through discounting their products,

(Continued on page 80)

Computer specialists concede low end to mass merchants

By Frank Cavaliere, associate editor
WESTPORT, CT—Will computer specialty stores eventually be the only retail outlets that can afford to sell computers?

Not necessarily, according to computer specialty store owners who, for the most part, believe that there will always be a low-end part of the business that they will choose not to enter. These operators further assume that discount stores, catalog showrooms and department stores will continue to merchandise computers under the \$1,000 price tag and leave the so-called personal/small business units

to the specialty outlets.

Many mass merchandisers have been affected recently by low or, at times, nonexistent gross margins in their computer departments, be it on hardware, software or peripherals. Some have said carrying the items is an exercise in futility because potential customers are beginning to realize the benefits of owning a personal, rather than home, unit. Under this scenario, some mass merchandisers are dropping the category altogether to focus on other consumer electronics products that prove more profitable.

(Continued on page 81)

Atari's latest plans may be in jeopardy

Published reports have Jack Tramiel's company seeking a cash infusion from former owner, Warner Communications. For the latest news from Sunnyvale, CA, and the rest of the computer industry, turn to page 82.

Gulf Strike, Lode Runner are among new releases

Computer software firms are once again busy releasing leisure, educational and personal finance oriented software. For a listing of some of the new titles to be marketing in these three areas, see page 83.



Goldstar introduces two computer monitors

Goldstar's new line of peripherals heads the new product introductions for October. Other firms unveiling new products are EPI, American Forest Products and Microcomputer Associates. List of page 84.

MERCHANDISING COMPUTERS

Office work will spur home sales, study says

(Continued on page 76)

CE units will carve out a market niche selling peripherals and accessories to consumers who blend personal and business computer usage and who do not require much support.

The study's conclusions seem to indicate the further blurring of the until-now separate home and office categories (see related stories on page 79). As more people become familiar with the advantages of computing at home because of office work, stores will try to capitalize on this trend.

One of the stores that will be at the forefront of this movement will be the so-called telephone stores, according to the survey. "They could become a substantial outlet in the consumer electronics channel simply by virtue of the traffic they draw."

Discounters—They are another issue entirely, said the poll. "While many see 'success' in home computer products by the K marts of the world as a sign that they will eventually be part of the business market, the Yankee Group has serious doubts."

The survey cited J.C. Penney's unsuccessful effort to sell low-end computers as an example of a major retailer having difficulty in the marketplace.

But the study said discounters will still be able to do what they do best: sell name brand goods at low prices by operating on small margins. "Discount retailers will participate in selling mass-appeal, standard peripherals in the aftermarket. Such peripherals will serve mainly to complement accessories and home computer product lines," the survey added. "The demand for discount software and peripherals will be continually fed by a rapid growth in the number of 'computer graduates' who believe they need little support."

Peripheral-Only Stores—After noting that these outlets have only existed on a minor level since last year, the study said "surprising opportunities" await stores of this type. It cited an example of one independent chain-turned-franchiser that is merchandising solely 20 sku's of dot matrix and character printers.

The study said that the company is claiming a \$1 million yearly profit by concentrating on "price advantages" and training and by following two primary marketing strategies. They are targeting users who only realize the need for hard copy after the initial computer sale and placing more advertisements than full-line computer stores on a local level.

Nevertheless, the study believed that peripheral-only stores would not be successful for long, and cited five primary reasons as proof. First, as both consumers and full-line channels become more sophisticated and as equipment prices go down, the number of systems sold without hard copy devices is already decreasing.

Secondly, the study asserted, it will become harder to "out advertise" and offer "price advantages" and training equal to that of full-line computer stores chains. Also, the peripherals business has far less chance of competing against discounters than do the systems and software businesses.

The fourth reason cited by the survey is that unlike software specialty stores, peripheral-only stores are offering products that do not lead to repeat sales. Once a customer buys a printer and learns how to operate the unit with his computer he won't return to the place of purchase. Peripherals lack the "sex appeal" of software in that regard, "to consistently draw traffic and consumer interest."

Lastly, these outlets will be facing even more competition in the future because the increased demand for peripherals is due to the wider array of software that necessitates printers. The study said software stores are preparing for this future trend by placing printers in their product lines.

Software Specialty Stores—"On the surface, the prospects for software specialty stores look bright," the study stated. The Yankee Group predicts the number of these stores will exceed 2,000 by the end of 1987. It further predicts that these outlets will have an estimated 11 percent of the total software market by 1987.

Dealer friendly.

In an age where "user friendly" is a common byword, Zenith brings you something uncommon: "dealer friendly" monitors.

Zenith can be your single source for monitors, because the versatile Zenith line includes a monitor for just about any personal computer, with eight models from monochrome green or amber to high-resolution color.

They'll give you fewer service problems, thanks to the famous Zenith reliability and commitment to quality. Zenith knows video: who can make better monitors than the company that has been making better television sets, over sixty million of them, since 1948?

When it comes to your bottom line, Zenith monitors provide exciting profit opportunities, with generous margins available on every model.

Best of all, Zenith monitors will delight your customers, with advanced features and dazzling graphics that enhance virtually any personal computer. Including

Zenith's own exciting IBM-compatible Z-100 PC's.

Find out more about "dealer friendly" monitors by calling 1-800-842-9000, ext. 2, for the name of your nearest Zenith Data Systems distributor.

(right) CV-2560: 25" high resolution, 80 column display. Composite and RGB inputs.

(right) ZVM-122A: Non-glare amber screen. Composite video input.

(center) ZVM-123A: Non-glare green screen. Front panel controls. Composite video input.

(left) ZVM-124: Non-glare amber screen. Super resolution for IBM PC with monochrome adapter.

ZVM-131: 40 column display. Audio amplifier—ideal for IBM PC Jr. or Adam.

ZVM-133: 80 column display. Perfect for IBM PC and compatibles.

ZVM-135: 80 column display. Audio amplifier—ideal for expanded IBM PC Jr.

ZVM-136: Long-persistence phosphors for interlaced video applications.

ZENITH

data systems

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FUTURE IS BRIGHT for software specialty stores, according to the Yankee Group survey. The study said that there will be more than 2,000 of them by 1987.

MERCHANDISING COMPUTERS

Specialists target high-end home computers

(Continued from page 79)

Unlike the mass merchandisers, many specialty store outlets say sales are good. This is primarily because of sales to small businesses, but also due to sophisticated home users who are ready to step up in price and capability.

Two different approaches

One such mini-chain is ComputerWorks in Westport, CT. There, director of retail operations Ed Schreiner said the firm is anticipating a very strong fall. The three-unit operation sells IBM, Apple and Compaq products.

Schreiner commented on what became a continuing refrain from specialty store operators, that of the price-support-service dilemma for mass merchandisers.

"You have to look at the two different types of businesses," he said. "We're in a little different ball game than those guys that specialize in the low-end market. Our business requires post-sale support." He added that discounters and their competition cannot offer sales support because it would increase their overhead, which would in turn raise product cost.

"The absolute dollar margin is getting smaller. If you're only getting 25 to 30 points, then you have to sell a lot of them," Schreiner said.

This changing pattern of computer sales will see many computer users going to a specialty store for their second units, after being convinced of a computer's usefulness by a mass merchandiser's low-end model.

William Holt, president of the Portsmouth Computer Center in Portsmouth, NH, said his business has increased as individual customers, rather than solely small businesses, see the value of shopping at his store.

"There's a trend to specialization. A lot of people have learned that when they spent cheap, that's exactly what they got. We were able to ride through the attrition phase of the industry, and we now expect to sell a lot of people their second units," Holt commented.

The professional home user, according to him, is using a computer that has some relevance to his job, be it with database, spread sheet or word processing features. The same unit also runs educational software for this user's children.

As a result of focusing on the home/office market, Holt dropped the Commodore 64 unit a while back and has conceded that market to the discounters.

"It's difficult to run a business with salespeople running really low-end computer units. We sell the Apple line, for instance, for \$1,500 and up, and we can afford to keep knowledgeable salespeople. We specialize in full service and unlimited telephone support," Holt added.

Alan Green, sales manager at Southern Microcomputers in Hialeah, FL, wasn't ready to say home users are contributing to his sales totals. "Down here in this market, so many different factors affect us that it's difficult to tell if home users will come to us," he said.

Green said the three-unit operation just dropped Apple and is now relying on a combination of Franklin, Sanyo and Epson to rebuild its selection and

sales volume. Typical of his effort to win over some home computer users is a \$1,595 price on the Sanyo MBC 555-2 system, which includes a monitor, dot matrix printer and five software packages.

In Toledo, OH, Gary Jacobson, president of Abacus II Microcomputers, said that while the bulk of his business is still with small businesses the trend of the market is toward expanding home usage.

Abacus II carries the IBM line, Apple's Lisa and Hewlett Packard's line of business computers, but the specialty operation is making inroads into the home area by carrying the Apple II line.

"One of the things that helps us in terms of future home sales is that we do a great deal of our business with schools, especially with Apple computers," said Jacobson. "Parents want a home system that's compatible with what their children are using in school and around here that means Apple," he said. Here means two outlets in Toledo and one in Findlay, OH.

Still a mass market

As specialty outlets begin to make limited inroads into the home user market, operators of these chains nevertheless insist that there are sufficient reasons for mass merchandisers to carry computers. Also, the tide could swiftly turn back to the discounters' favor, according to Jacobson.

"My greatest fear is that Apple and IBM will give their low-end units (the IIc and PCjr, respectively) to discounters, and then specialty stores will go out of business," he said. "When Commodore did the same thing with their 64 about three years ago, virtually all the specialty places dropped it."

Jacobson admitted that this worst-case scenario is farfetched right now.

"I'd like to think they wouldn't do it (sell to mass merchandisers)," he said, "but I do see Apple in department stores, and that's a step. Apple and IBM want their products to be so easy to use that they can be sold through a mass merchandiser. That would force me out of the home business so that I would have to focus on small businesses again."

Schreiner of Westport, CT's ComputerWorks thinks mass merchandisers will hold on to at least some of the home market with products like the Apple IIc.

"The IIc is a mass merchandise type of item. It's packaged like you would package an appliance. It has bright graphics on the box and has a handle so customers can just pick it up and go. A 'no muss, no fuss' type of purchase," he said.

Holt of Portsmouth Computer Center said he foresees a day when discounters will put low-end units on their toy department shelves rather than in the consumer electronics section. They will probably remain in the low-end part of the business to

some extent, he predicted.

"When you get to the point where the first unit is a disposable unit, the discounters will still be in the business. Nobody wants to gamble \$2,500 on a child's interest. A parent would rather spend \$300 and then move up if their kid is still playing around with the Commodore 64 a couple of years after they bought it," Holt explained.

"There will always be a market in both areas," agreed Green of Southern Microcomputers. "You'll always have a person who'll read a manual and you'll always have a person who will want his hand held and is willing to pay for it."

Green apparently did not think there will be enough self-sufficient customers who will venture to mass merchandisers. "The low-end market might have another six months before it begins to shake out further," he said. "That bodes well for us."

Despite Green's negative tone toward mass retailer outlets, most specialty store operators believe distribution will not be confined to a single type of outlet. A typical remark was heard from Stan Hawthorne of Mida Computer Centers in Odessa, TX.

"I believe there's enough of a mixed-bag market for all types of stores," he said. "What we're seeing now is the person who never would've considered buying a computer two years ago making a purchase. Now, the sale requires more sales support and service, which is good for us. But the low-end market will survive."

Consumers, trading up, turn to peripherals

(Continued from page 79)

are bound to want to purchase items like modems and disc drives.

This, coupled with the fact that a company like Tandy Corp. has begun to change the image of its Radio Shack computers from gadgets for electronics buffs to practical learning tools for families, is evidence that the trend is growing.

"The schools are teaching computers to young people," pointed out John McSurely, president of the Waterville, OH-based McSurely TV & Appliance, which carries Radio Shack products. "Parents are buying and upgrading the computers." Although his sales of peripherals were slow this summer, McSurely did not think this marked a trend away from buying home computers.

Sales of peripherals at G.C. Murphy Co., which carries, among other products, the Commodore 1541 disc drive, the Atari 1050 disc drive and the Goldstar MCL-4333 monitor, were steady. Jay Moorehead, the buyer at the McKeesport, PA-based chain, agreed with McSurely that there is a market for home computers and peripherals.

"As more and more schools get involved with computers, parents will feel their children will have to have one," he said.

Lillian Kellogg, owner of San Francisco-based Era Electronics, which sells the Hewlett Packard line, said sales of peripherals are up 40 percent over last year at her store and that her customers know more about computers and peripherals than they did two years ago.

"Customers are much more knowledgeable," she said. "They know all



NO LONGER A GAME, the computer is attracting more serious users outside of the business market. Retailers expect this will help boost sales of peripherals.

the buzz words."

As for when people buy their peripherals, "The business user usually buys the package; the personal user comes back to buy peripherals," Kellogg noted.

"If you look at the penetration of peripherals purchased per computer, the number is going up," said Paul Matteucci, an analyst at Future Computing's Home Computer Group, a market research firm headquartered in Dallas. "There is a shift toward higher end computers that can do more."

Computers—not stereos

Not all dealers, however, are reaping profits from sales of computers and peripherals. Mike Bracco, a salesman at Precision Video/Audio in Bellwood, IL, said his sales of peripherals were "extremely down"—from \$8,000 a month to \$300 a month.

"The home computer market didn't

take off the way we'd figured," he said. Bracco said that in the beginning of the computer craze dealers expected computer sales to follow a pattern set by audio equipment: After customers purchased a computer, they would return periodically to buy peripherals and programs, just as stereo enthusiasts return from time to time to buy a tape deck or albums. But that, he contended, has not proven to be an accurate parallel.

Another problem Bracco cited was a difficulty working with manufacturers, who seem to prefer dealing with mass merchandisers rather than smaller stores.

George Hayek, senior buyer at L. Luria & Son, Miami Lakes, FL, had a different reason why his catalog showroom had decided to drop its line of computers and peripherals. "We left the business last year because of the lack of profitability and volatility of the market," he said.

NEWSLINES COM-PUTERS

SUNNYVALE, CA—Atari's future product development strategy is in jeopardy, according to recent published reports. An apparent shortage of funds at the company based in Sunnyvale, CA, could threaten chairman Jack Tramiel's far-reaching product plans for 1985.

A Wall Street Journal article dated Sept. 4 said that Tramiel was reported to be seeking a cash infusion from Warner Communications, Inc., which sold him Atari in July. The article went on to say that Tramiel is having difficulty collecting \$300 million in receivables he acquired in the transaction. If the report proves accurate, Tramiel may have trouble financing his new product ventures.

In late August Atari said it would bring out machines that were twice and four times as powerful as the current 800XL model. Atari said it will continue to make the 800XL, but did not disclose whether it plans to design the new 16-bit and 32-bit machines itself or if it will get outside help.

SAN FRANCISCO—In a push to move educational software, Micro D has dropped the price of 790 titles. The move was made to coincide with October, which has been declared Computer Learning Month. According to Micro D, all educational software has been marked down 12 percent, a discount usually available only to accounts which buy more than \$20,000 per month. The discounted programs are listed in the firm's Back-To-School price guide, a 53-page catalog that was compiled with the help of 26 publishers. Said president and chief executive officer Rich Lionetti: "There's very little margin for us, but we're willing to give up margins... to help get the educational bandwagon rolling."

The announcement was made at a Future Computing forum, Home '84: Focus on Personal Computers in the Consumer Marketplace. Full coverage of the forum will appear in the November issue of *Merchandising*.

WELLESLEY, MA—Software Arts announces \$50 VisiCalc upgrade. Apple II, II+ and IIE users who have VisiCalc can now buy an upgrade kit for \$50 from an Apple dealer. The upgrade provides users with a VisiCalc that is compatible with the Apple II series of computers and offers improvements such as variable column widths and full word prompts.

The improved VisiCalc version offers 40- and 80-column display support. The disk includes six home management and finance models that can be expanded upon by the user. In addition, the screen can be split to view two different parts of the spreadsheet at once.

The VisiCalc Upgrade Kit includes a program disk, reference guide, customer support card, license and warranty.

WEST HARTFORD, CT—Coleco announces scholarship program. The computer manufacturer has initiated the Adam Family Computer Scholarship Program, through which Adam buyers will be given a \$500 college scholarship.

Among the rules needed to qualify for the program, the purchase must be made between Sept. 1 and Dec. 31, 1984 and the purchaser's child must be under 18 on Sept. 1. The student also must enroll as a full-time pupil in a four year undergraduate degree program at an accredited U.S. college or university before his 18th birthday. The \$500 grant will be awarded in four \$125 payments following the satisfactory completion of each academic year. The company did not define satisfactory.

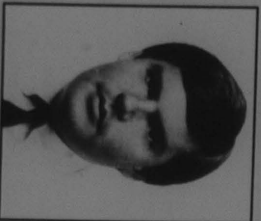
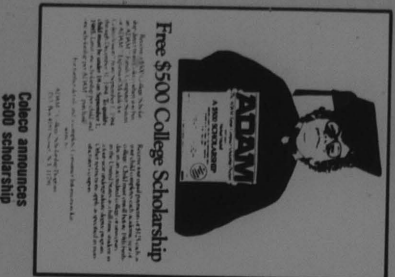
LAWRENCE, MA—First Software "steaks" reputation on guarantee. The distributor has begun a Meat and Potatoes Guaranteed Inventory policy, whereby it guarantees it will have best-selling products in stock or it will send any dealer two filet mignon steaks, free. The company said it developed the offer to highlight its 90 percent fill ratio.

ATLANTA—So you think you've heard everything? Peachtree Software thinks it has come up with a new advertising technique. The software firm has scented its advertising and product brochures to smell like peaches. Peachtree's ad campaign will debut in the October issue of *Personal Computing*. The latest effort to get American consumers to buy their products is just a part of the firm's overall theme, America's Software Grows on the Peachtree. The peach scent comes from the ink, a company spokesman said.

PARAMUS, NJ—Sharp bundles PC-5000 with printer. The consumer electronics firm, based here, said that customers buying the portable computer for \$1,995 will get a 37-character-per-second printer at no extra charge. In the past, the printer has been sold separately for \$399. The PC-5000 will still be sold without the printer for \$1,695.

The announcement came as part of the company's overall fourth-quarter marketing plans, which include an expanded advertising campaign. The ads will feature a comparison of the PC-5000 with other portable units, and also include Sharp's new pricing structure.

MANAGEMENT MOVES—Coleco has appointed William Sobieski senior vice president, electronic sales. In the newly created position, Sobieski will oversee Coleco's national electronic sales force. He was previously employed at Atari, where he served in a similar capacity. ... Thomson as Restaino has resigned as vice president of marketing at Activision to become a partner in the firm of Baker Restaino Schumann and Co., a Sausalito, CA market research and consulting firm. James Levy, Activision's president and chief executive officer, will take over Restaino's responsibility until a replacement is named. At Arrays/Continental Software, Hank Schabberg has been named president and chief executive officer, while Buddie joins the firm after having served as vice president at Arrays' executive vice president and chief operating officer. Schabberg was Arrays' executive vice president, while Buddie joins the firm after having served as vice president at Matel. ... Mitchell Davies has been promoted to director of vertical market sales for First Software Corp. He will be conducting contract negotiations, implementing marketing techniques, developing a support program between publishers and dealers and evaluating products. Previously, Davies worked as a sales consultant with First Software. ... First Star Software has appointed Michael Larson vice president of sales. Berry is the new national sales manager for software at the Avant-Garde Publishing Corp., a computer book and software developer. ... Alphacom, Inc., has appointed Doug Eshard vice president of finance and chief financial officer. ... Shakeel Mozaffar has joined Harvard Software, Inc., as marketing director.



First Star Software names
Larson VP, sales

MERCHANDISING COMPUTERS /NEW RELEASES

COMPUTERS

GAMES

GULF STRIKE, Avalon Hill. Atari series-compatible. Available now. Suggested retail \$30 on diskette.
LODE RUNNER, Broderbund. Apple Macintosh-compatible. Available now. Suggested retail \$39.95.
PENSATE, Penguin. Apple Macintosh-, Apple II series-, 32K Atari- and Commodore 64 disk-compatible. Available now. Suggested retail \$39.95 for Macintosh; \$29.95 for all others.
STARMAZE, Sir-Tech. Commodore 64-, Atari series-compatible. Available now.
ZAXXON, Coleco. Coleco Adam-compatible. Available now. Suggested retail \$39.95.



LEARNING

EVELYN WOOD DYNAMIC READER, Timeworks. IBM PC-, Apple II series-, Commodore 64- and Atari series-compatible. Available now. Suggested retail \$89.95 for IBM PC and Apple II series versions; \$69.95 for Commodore 64 and Atari series versions.
FLOW CHARTING, Patton & Patton. IBM PC-compatible. Available now. Suggested retail \$167.
HABAMERGE, Haba Systems. Apple II series-, Apple III series-compatible. Available now. Suggested retail \$69.95.
HABATEMPLES, Haba Systems. Apple II series-, Apple III series-compatible. Available now. Suggested retail \$29.95.
TYPING TUTOR III, Simon & Schuster. Apple IIc-, Iie-compatible. Available now. Suggested retail \$49.95.

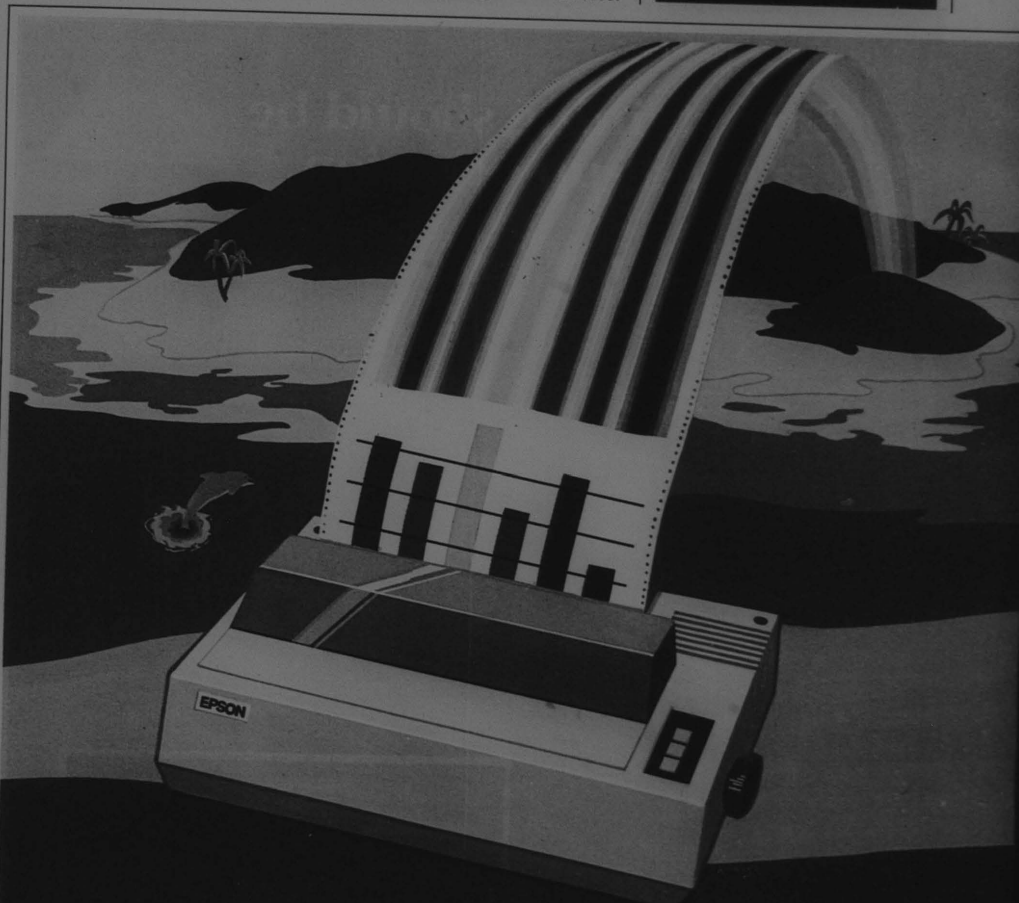
Koala pad to sell in Tandy outlets

SANTA CLARA, CA—Koala Technologies Corp., and Tandy Corp., Fort Worth, TX, have signed an original-equipment-manufacturer (OEM) contract for Koala to manufacture its touch tablet for Tandy home computers. The unit will be called the TRS-80 TouchPad and sold through Tandy's U.S. and overseas Radio Shack outlets. The touchpad is designed for the TRS-80 computer and will work with existing software.

PERSONAL FINANCE

MACNOTES, Superex. Apple Macintosh-compatible. Available now. Suggested retail \$89.95.
SMART DATA MANAGER, Innovative Software. IBM PC-compatible. Available now. Suggested retail \$495.
SMART SPREADSHEET WITH GRAPHICS, Innovative Software. IBM PC-compatible. Available now. Suggested retail \$495.
SMART WORD PROCESSOR, Innovative Software. IBM PC-compatible. Available now. Suggested retail \$395.

SUPERBASE, Precision Software. Apple IIc-, Iie-compatible. Available now. Suggested retail \$149.
TAX-PREP, EZWare. Apple II series-, IBM PC- and Radio Shack personal computer-compatible. Available Jan. 15, 1985. Suggested retail \$129.95.



Pot of gold.

The new Epson JX-80 7-color printer.

The JX-80 breathes life into charts and graphs; lends soul to text. And it's going to be the hottest thing in printers since the dot. Join the revolution.

The JX-80's four-color ribbon prints in seven crisp, clean, vivid colors. But that's only the beginning.

The JX-80 also features Epson's exclusive SelectType, a simplified way to choose any of nine popular typefaces (the JX-80 prints 144 dif-

ferent faces in all) on the printer, without computer commands. It's an Epson.

The JX-80 performs in black and white just like the FX-80. So it's supported by virtually all software and personal computers. (You can even use a standard FX-80 ribbon.) Switch to color, however, and the JX-80 handles popular color software such as Lotus' Symphony.

And of course the JX-80 has

Epson quality Reliability. And the one-year Number One Warranty.

Talk to your Epson distributor today and get the full story on the new JX-80 in black and white.

And, of course, yellow, cyan, magenta, violet, green and orange.

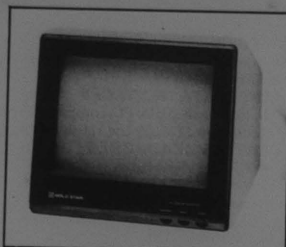
Number one. And built like it.

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MERCHANDISING COMPUTERS

Goldstar introduces two compact computer monitors

LYNDHURST, NJ—Goldstar Electronics International has introduced two computer monitors, a 13-in. color model and a 12-in. monochrome unit. The MCL-4333 color monitor has a built-in speaker for audio monitoring and features horizontal resolution of 270 lines at center and displays 25 lines of 40 characters each. The monitor also offers audio/video input jacks and composite video input. With dimensions of 14.3-in. wide by 15.9-in. high by 13-in. in diameter, the MCL-4333 weighs 24 lbs. and has a manufacturer's suggested retail price



Goldstar MCL-4333

of \$299.95.

Goldstar's MBM-2233 monochrome monitor features a green video display. Horizontal resolution is 900 lines at center, with 25 lines of 80 characters each. The unit measures 12.1-in. wide by 12.9-in. high by 12.6-in. in diameter and sells for \$139.95.

According to the manufacturer, both the MCL-4333 and the MBM-2233 are compatible with virtually all popular brands of home personal computers, including Commodore, Atari, and others. They can also be serviced nationwide through a network of authorized dealers.

Goldstar Electronics International, 1050 Wall St., M, Lyndhurst, NJ 07071.

EFI Corp. offers power control unit

SALT LAKE CITY—The EFI Corp. has begun producing the EDP-2000 power control center and conditioner for the personal computer. The EDP-2000 is designed to protect and simplify the use of most personal computers and their peripherals, the company asserts.

Protection from A/C power problems is provided through superior power conditioning of overvoltage transients and spikes and noise. Fingertip power control of computer and peripherals is offered, the company says. Unit features six rear outlets, a working diskette storage file, plus a quartz clock and calendar.

EFI Corp., P.O. Box 15358, 350 West 2700 South, M, Salt Lake City, UT 84115.



Model EDP-2000

Stand has two shelves for hardware display

SAN FRANCISCO—American Forest Products Co. has added to its Encore line of ready-to-assemble computer furniture. The stand offers computer users two shelves for a keyboard, monitor and disk drive set-up. The unit is made from pine wood.

American Forest Products Co., 2740 Hyde St., M, San Francisco, CA 94119.



Encore furniture

Lined tote bag holds up to 12 floppy disks

CULVER CITY, CA—MicroComputer Accessories has introduced a disk tote bag which holds up to 12 disks in a lined pouch. The tote comes in a burgundy color and has a velcro clasp and sells for \$49.95.

MicroComputer Accessories, Inc., 5721 Buckingham Parkway, P.O. Box 3725, M, Culver City, CA 90231.

Entertaining should be a dress-up occasion.



It's Oak Classics, the striking collection of entertainment furniture that combines the rich warmth of solid oak and oak veneers. The detailing leaves nothing to be desired, nor does the hand-rubbed finish. The entire collection is modular, so the numerous pieces can be sold individually or in any arrangement that is most pleasing to your customers and most profitable for you.

The Oak Classics Collection from Bush. With our new OAK 170 SERIES of computer furniture, we've got the number one line of hardwoods. Plant Bush Oak Classics under your audio/video gear and watch your profits grow.



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MERCHANDISING

A GRALLA PUBLICATION

NOVEMBER 1984

Home and Auto Electronics • Housewares • Major Appliances
THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALESALE AND DISTRIBUTORS

Guide to
Products,
Services &
Suppliers

PHOTOGRAPH

Also in this issue:

Selling audio/video systems
builds dealers' profits

Ultrasonic humidifiers
take center stage in housewares

Retailers report early success
with electronic typewriters

Stores expect average 21.9%
dollar volume growth in microwaves

Can videotex services turn
the home computer into a need?

TRENDINGS IN COMPUTERS

Vendors need to understand retailers' computer troubles

Sometimes in the course of traveling around the country in hot pursuit of retail interviews, *Merchandising's* editors come across some interesting opinions from those of you on the front lines.

Such was the case with myself last month, when I came across an articulate and intelligent buyer. He was reluctant to talk about computers for a direct story since his company did not want to be directly quoted in an article. So the interview was not exactly one of your Mike Wallace exposes as we struggled to find something informative to talk about. We finally hit pay dirt after we both sensed the grilling was over and I put my notebook away. It was then he began to speak about what was troubling him.

His name and firm aren't important. What is relevant, however, is that his attitude and opinion is by no means unique among his colleagues. I've heard this argument enough to realize that if enough buyers are complaining, then there must be something to the matter.

Sales of his firm's computers weren't going well, he said. He was selling his stock through before he thought about reordering for the hoped-for Christmas rush. He only carried low-end units, with nothing on his cluttered shelf priced for more than \$1,000. And as he sought to explain why the home computer industry is falling on hard times, as he contended, he leaned over the Formica table and said it was largely the manufacturers' fault.

Lacks conception of retailing

The buyer's principal point was that the self-acclaimed experts in home computing have no idea how a retail chain operates. Sure, they know about margins and terms and product shipments, but they are sorely lacking in the crucial areas of marketing.

He continued. After computers first hit our shelves, everything was fine for a while. But soon after the novelty of owning a home model wore off, sales naturally began to drop. After the bloom was off the rose, he contended, the vendors essentially said, "Well, we've done all we could. You guys will just have to do the best you can."

At no time did a manufacturer's representative come by his office and ask if there was anything which could be done to turn things around. It was this lack of foresight on the vendors' part that most surprised this buyer. For if suppliers do not commit themselves to the home computer market, then who will?

For the buyer, the problem was reduced to a single point: marketing. He went on to say that one of the reasons why computers aren't doing so well in his stores is because the people who wanted a home computer already have one, and those who remain unconvinced are not rushing to his stores. The only way to convince the nonbelievers is to market the products better.

Maybe he's right. Perhaps all the talk about how home computers have seen their peak never to return is just that: pure conjecture rather than reasoned opinion. My reasoned opinion is that no amount of terrific marketing is going to change the buying patterns of the American

public when it comes to home computers, but I've been wrong before and I'll no doubt be wrong again.

Besides, the buyer was on a roll. He was convincing me that if more of the vendors hired people from the packaged goods area like marketing giant Procter & Gamble Co., then these whizzes would implement techniques that would change the essential question. It would become something along the lines of "How can you not own a computer for your family?" rather than "Why own a computer for

your family?"

After all, and I was becoming hooked, did the world need diet Coke? Nope, but the commercials did the trick. How about liquid soap? Probably not, but the soap manufacturers convinced the American public that the new product was an improvement, and has been fairly successful to date.

What is needed, according to the buyer, is someone to bridge the gap between the retailers and the manufacturers. Someone who understands both sides of the fence and who would be able to act as a liaison between both groups. Right now there is nobody serving in that capacity. Maybe if we had some such person, he wouldn't be complaining right now. The buyer had a valid point.



Frank Carverline

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Personal Electronic Portables
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EP-41
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**LETTER PERFECT
PRINT QUALITY**
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of the typeface.

Here's high-tech engineering at its best!

The letter quality printing is crisp and sharp. And the large capacity cassette ribbon offers added convenience. Plus, these electronic portables are so compact they can easily go from place-to-place.

Other portable features include a full office keyboard, 15 character visual display and memory correction system, super & sub-script, motorized paper feed, and there's even a built-in calculator. Both operate on batteries or included AC adapter. People on the move won't make a move without them.

EP-44
Built-in RS-232C
computer interface
and 4K memory.

A Major Breakthrough!

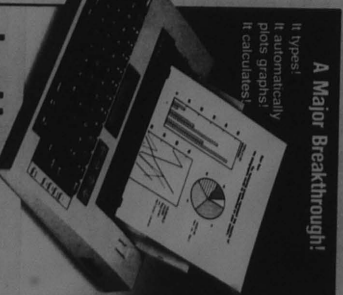
It types!
It automatically
plots graphs!
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brother.

Type-a-Graph

Brother combines the technological wizardry of typewriter electronics with the practicality of the ballpoint pen to create this incredibly new writing instrument.

It types in four colors: black, red, green and blue. It types in three sizes: large, medium and small. It types up, down and across. Plus, it automatically plots four color pie graphs, four color line graphs and two color bar graphs. And everything is crisp, sharp and letter-quality perfect. Its applications are limitless, and so are its sales and profits.



**BUDGET-PRICE
Electric
Typewriter**
MODEL 3000
CORRECT-O-RTER
Full featured electric typewriter with automatic correction ribbon cover for portability

No one o
a bigger C
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Type

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features

ov

Videotex services could be needed impetus to spur home computer sales, panel reports

By Debbie Rosenblum, field editor

SAN FRANCISCO—Not until the personal computer turns into an effort and time-saving device will it be purchased by the more than 75 million U.S. households which don't own one. Current applications simply aren't meaningful to the average American who has little, if any, need or desire for word processing, spreadsheets and graphics.

But all is not doom and gloom for the industry. As more and more videotex services come on line, an increasing number of consumers will enter the market. And once the ball gets rolling, the business will grow at a rapidly accelerating rate.

That was the general outlook among panelists at Future Computing's recent forum, Home '84: Focus on Personal Computers in the Consumer Marketplace. They agreed the development of the industry will follow in the footsteps of previous technological wonders like the automobile, telephone and television. None became mass market products overnight. Nor will the PC.

By the end of 1984, Future Computing predicts there will be a home computer in 13 percent of America's 84 million households, a miniscule number in comparison to what's ahead. Six years from now, penetration will hit the 40 million mark.

Who owns computers?

The current home computer owner is a far cry from John and Jane Doe. "They're yuppies," said Thricia Parks, vice president of the home computer group, Future Computing. Almost half—42 percent—owned a VCR or videogame before they bought their system. They're professionals—doctors, lawyers, scientists, etc.—with high net worth. They're also parents of children between six and 15 years old.

Apple's demographic profile of its buyer echoes that description. According to Dave Larson, marketing director of the Apple II group, about 85 percent are male, 60 percent make \$36,000 or more, about 70 percent are college educated, just under 70 per-

cent are professionals or executives, 85 percent are 25 to 54 years old and a third have school-age children.

"Education at home is the primary purchase motivator, particularly among people who have children," he said. "They are twice as likely to buy a home computer."

With hackers, gamers and students comprising a large segment of the present population, it's quite evident that "the computer is not yet a commodity," Parks observed.

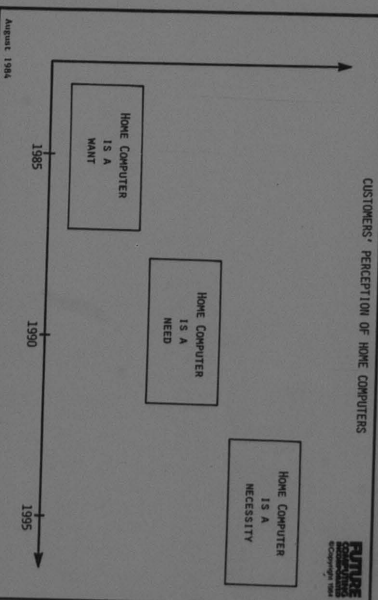
Her colleague, Egil Juliusen, Future Computing's chairman, explained, "Today the home computer is definitely a want. There's no need for it. I'd be hard pressed to name one function that makes it a necessity."

having a capability is not going to have a need for it unless it provides convenience."

Thus far, home computers have failed miserably at meeting that objective. A perfect example is home finance, according to Scott Cook, president, Intuit Software.

"Home finance is one of the most natural and practical uses for the machine," he commented. "All bills need to be paid at least once a month."

Yet when Intuit conducted an extensive survey of executives in the computer industry and members of the trade press, "we found while most of this group had tried to use a computer



NEED WILL REPLACE WANT as the prime consideration in buying a home computer a decade from now, according to market research revealed in Future Computing's most recent forum.

Albert Vezza, chairman and chief executive officer, Infocom, agreed, adding, "Furthermore, I do not think the situation will change dramatically in the next three years."

People are not going to invest money in a product which adds no value to their lives, pointed out Roy Martin, executive vice president of marketing, Vintart Corp. "Someone who has built his life around not

for home finance, only four percent stuck with it, for a long time, Cook reported.

The key benefit—saving time and hassle—wasn't delivered. In fact, the exact opposite occurred. Intuit's benchmark testing of experienced users showed "computers take 20 to 40 percent longer to use than doing routine financial chores by hand," he

(Continued on page 16)

MSX operating system to arrive here at winter CES

By Debbie Rosenblum, field editor

SAN FRANCISCO—The long-awaited arrival of the MSX standardized disc operating system for home computers in the United States might happen as soon as this Christmas season. However, the big introductory splash will come at the winter CES, where Microsoft will sponsor a number of booths.

Whether the format pays off remains to be seen. Nevertheless, the author, Microsoft, is confident that MSX will become a major force in the computer industry and in a relatively short time period.

That overview came from Kazuhiko Nishi, president, Microsoft Far East, and vice president new technologies, Microsoft Corp. Speaking at Future Computing's recent forum, Home '84: Focus on Personal Computers in the Consumer Marketplace, he updated the audience on the state of the videotex home personal computer—the trade's tag for MSX.

"I think one or two Japanese companies might sell the machine for Christmas '84. But the major MSX marketing activity will be toward the winter of 1985," Nishi said. "Microsoft is sponsoring major booths at the winter Consumer Electronics Show inviting all the MSX companies to exhibit."

MSX, which was launched a little over a year ago, has some pretty heavy backing. To date, 22 companies have signed up for the manufacture and distribution of MSX-compatible computers. Among them are one European, three Korean and 18 Japanese firms. On the software side, close to 700 titles are available for the operating system.

In addition, "we are talking to eight other companies (about hardware)," Nishi reported. "Four American companies, one Italian, one German, one UK, and one French have also been contacted."

He continued, "MSX is going to be

one of the major forces in computers in '85 or '86." Microsoft estimates 210,000 units will be shipped next year to this country and 500,000 the following year.

The reason for the author's optimism stems from the system's optimum performance value. The 16K model will carry a \$100 retail. The 64K model is going to be \$250 "maybe discounted to \$219," Nishi commented. The 64K floppy version should sell for about \$500. The same machine with a daisy printer will cost \$750. And for \$1,000, a "complete" package—64K floppy, with a daisy printer and a color television monitor—will be available.

Last year, 100,000 units were shipped in Japan. By the end of '84, shipments are expected to reach 200,000 there and 100,000 in Europe. The projections for '85 are 300,000 in Japan and 200,000 in Europe; for '86, 400,000 in Japan and 300,000 in Europe.

MERCHANDISING

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IF YOU SELL
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ACTIVISION

Activision is bringing its unique kind of excitement to the home computer. We offer you the best entertainment software for the Commodore 64, Apple II, IBM PC, IBM PCjr., Atari, and Adam home computers. *Realistic simulations* like Space Shuttle: A Journey into Space.[™] *Interactive fiction* like Mindshadow[™] and The Tracer Sanction.[™] *Creativity tools*

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We don't make computers, but we sure make it exciting to own one.

COMPUTERS

Click awaits vendors' move to stoke computer business

By Frank Oenshagen, associate editor
AKRON, OH—Even though Click consumer electronics buyer Richard Perren isn't exactly doing a booming business in home computers these days, he refuses to believe that sales will remain slow.

He foresees the day when computers will be a profitable part of his operation. If the vendors learn how to market their products and learn from past mistakes, Click and stores similar to it will benefit from the category's resurgence, he maintains.

Click is a 10-unit discount operation based here in this city 35 miles south of Cleveland. Perren's responsibilities include purchasing home computers, audio/video equipment, telephones and other products.

Customer will decide

"The jury is still out. The consumer is still the judge of how successful any product is going to be," Perren commented, citing Coleco's fourth-quarter advertising campaign as a hopeful sign.

"Coleco is the first computer company to say to the consumer that the system is the solution, which is innovative," he said.

And the manufacturer's past problems with defective merchandise has been largely solved with the introduction of its new Adam version earlier this year, according to the buyer. "I hope they make it, I really do."

One reason for his optimism con-

cerning Coleco's "re-entry" into the home marketplace was a series of seminars that the vendor's personnel recently conducted at Click. Manufacturer's representatives held meetings with the chain's 10 consumer electronics department heads. Eight Adam units were connected to television monitors and Coleco's employees detailed the computer's features.

"We had morning and afternoon sessions covering the whole ball of wax. When the sessions concluded (in late September) our people were really pumped," Perren said.

Possibly because of the recent seminars and Adam's mostly favorable consumer reception, the buyer said he believes that Adam has a good chance of survival among all of the home computers now on the market. "Coleco's seminars are the next best thing to the new ad campaign. They're getting the word out that they're in the home computer business," he continued.

Little emphasis on software

As for software, Perren said he was waiting for a shipment of Coleco's educational titles. In at least one Click unit there was no selection of educational product. Instead, the glass case showed game titles.

"Software has been really dead for us, so we haven't expanded into the educational market," Perren said. The chain uses a distributor in two of its units, but has no plans to expand

Videotex may convince consumers that home computers are necessary

(Continued from page 14)

said, "It is this performance that drives away consumers from using computers in the home."

Realistically, the utility of computers in the home is almost nil, asserted Jeff Heimback, president, Koala Technologies, who cited several examples to back up that viewpoint.

"There are very few number crunching needs in the home. The problem," he explained, "is most

home management software takes longer to use than the current methods of doing these functions."

Take power management, for instance. "Nobody wants to run around the house looking at meters and inputting the data into a computer. That's too much hassle," he said.

The answer to getting computers into the 90 percent of households not yet in the market is communications, according to Heimback. "Paster and

ounces for the same price."

He continued, "If you tried the equivalent in this business, you'd have a lot of problems. You put on the box \$10 off and ship it out to your retail trade. Guess what? They're going to take everything that doesn't have \$10 off on the box and try to ship it back. If you offer a bonus pack—put an additional piece of software in the package—and sell it at the same price, guess what happens? All the packages with just one will come right back."

Few tools available

Consequently, suppliers have few tools with which to work. "Essentially," Heimback said, "the only ones that you've got in this business are contests or packages." Both are off-shelf and off-package and don't affect the individual unit itself. Guaranteed sales is another probability factor. It shifts "the burden



OPTIMISM ABOUT COLECO has led Click, a 10-chain operation of discount stores, to feature the Adam in its computer section. Coleco has bolstered the chain's confidence with a new ad campaign and dealer seminars.

the program to the four remaining stores that carry computers.

Perren said he entered the computer category in 1982 during the videogame boom. "We looked at computers as a natural progression from the games," he said. Now that the premise has proved somewhat off line, the buyer isn't ready to give up on computers altogether.

"It's an eleventh-hour business, so it's too early to tell what will go on this Christmas," said Perren, who plans to carry the Commodore 64 as soon as a suitable program can be created with the manufacturer.

"I can see the day when computers will be a bigger part of the consumer electronics business. Home security is an example of something a computer could regulate that isn't even avail-

cheaper personal mail than the U.S. post office. A quick encyclopedia. Timely weather reports. Home retail buying. Hotel and air reservations. So on and so forth. These will attract the rest of the population."

Harry Smith, vice president of videotex publishing, Trimtex, was in total agreement. Videotex may be the magic ingredient that's going to drive the home computer/personal computer from a luxury product to an absolute necessity, he predicted.

Data retrieval, communications and transactions make the system enormously appealing to a large cross-section of the public. "Videotex

Suppliers bemoan deals that protect computer stores

By Debbie Rosenblum, field editor

SAN FRANCISCO—Many computer dealers expect suppliers to provide price protection, guaranteed sales and unlimited returns to help them make it in this rollercoaster business. But are these retail trade practices really beneficial? Not in the long run, according to Jeff Heimback, president, Koala Technologies.

He addressed this issue at Future Computing's recent forum, Home 84: Focus on Personal Computers in the Consumer Marketplace. Such terms "hurt the industry very badly," Heimback maintained, "by stifling creative merchandising and promotion of home computers."

Price protection, a practice that is unique to the computer industry, ends up "limiting our promotional tools," he observed. In a grocery store, for example, "you see 10s of products advertised at 10 percent off or what they call a bonus pack—three extra

of risk away from the retailer and back at the manufacturer." It also means, the exec observed, "the manufacturer can't book the revenue (as it) becomes a consignment sale."

Ancillary to that is unlimited returns. The retailer, under the guise of stock balancing, will say to you "I have x amount of product left so take it back." The practice, Heimback contended, "fosters irresponsible buying on the part of retailers. Buyers should be forced to be responsible for their own actions. In every other business in this country, it's done that way."

As long as retailers don't share in the risks of pioneering this new industry, everyone will lose. Without "reasonable terms" that promote merchandising creativity, it will continue to be difficult to capture the 90 percent of the population who don't yet own a home computer, Heimback said.

ble now. But it would need to be marketed well," Perren added.

The stagnant sales pace isn't his fault, he maintained. "Manufacturers have to say this unit can do this and that, and for this reason you should buy it. But they haven't done that so far. They (the manufacturers) have to sell the consumer."

Presently, Perren is attempting to sell through his inventory of Adam and Atari 800 units that he placed in the fourth quarter of 1983. With last year's Christmas regarded as "devastating" in his words, the buyer has sufficient stock left over for this year.

At the time of the interview early last month, the Adam system was selling for \$679.93 and the Atari unit was retailing for \$178.00.

meets clearly identifiable consumer needs," noted Stephen Cunningham, district manager, ART Consumer Products. "It provides access to information. It saves time. It's convenient. The ability to access information on your own schedule provides a time-shifting capability similar to that of the VCR."

Looking back, Kazuhiko Nishi, vice president of new technologies, Microsoft Corp., examined the factors which made other technologies household goods. "Automobiles extended the reach of the human leg. Telephones extended the reach of the human ear. Television extended the reach of the human eye," he reflected. "The personal computer will extend the brain capability."

Many companies are jumping into the videotex arena including Times Mirror, Knight Ridder, cable television operators and major banks. They are pouring literally millions of dollars into development and marketing. Keycom, for example, has budgeted more than \$3 million for a 14-month advertising blitz to expose the public to its new Keyfax service in Chicago.

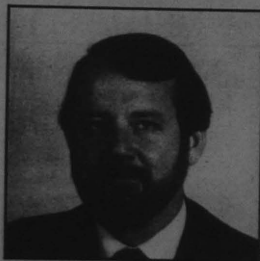
As these services become available and known to the public, more and more consumers will run to retailers and purchase a system. "It'll be a snowball effect," Julissen forecasted. "Right now, these services are just starting to roll. As they gain momentum, we'll experience exponential growth."

Till then, watch out. "It's going to be a rough business for another couple years," cautioned James Levy, president, Activision. "A lot of people are going to be biting their nails from month to month."

NEWSLINES COM- PUTERS



Okidata Microline 92
climbs Mt. Everest



Discwasher names
Hargrett CFO

WELLESLEY, MA—Software Arts, Inc., and VisiCorp have settled out of court their respective lawsuits against VisiCalc. Under the agreement VisiCorp will no longer market and distribute the VisiCalc program. The VisiCalc trademark will be assigned to Software Arts, and Software Arts will become the sole owner of the trademark VisiCalc and the sole marketer of the VisiCalc products.

The agreement also states that Software Arts, which created the program in 1979, will receive \$500,000 from VisiCorp and also will retain the rights to the VisiCalc name. Software Arts also agreed not to use the word "visi" in future products. VisiCorp has agreed to rename its Visi On Calc software program to Visi On Plan and not to use the word "calc" in future products.

CULVER CITY, CA—Ashton-Tate has entered the home computer market. Larry Benincasa, Ashton-Tate's vice president of new business development, has named Nikki Hardin as publisher for the new venture. Ms. Hardin joined Ashton-Tate from Reston Publishing Co., a Prentice-Hall subsidiary, where she was responsible for the acquisition of several software products in that company's first home software line.

The new product line will be known as Amazement and will be formally introduced in the first quarter of 1985. Among the authors developing software for Amazement are artist/designer John O'Neill and Rob Fulop, formerly of Imagic. The children's computer books will be launched with a Communicate series from the Capital Children's Museum and The Computer Bugs books by Claire Passantino, writer and teacher.

MT. LAUREL, NJ—Okidata conquers Mt. Everest. An Okidata printer became part of a four month expedition up Mt. Everest where it ran logistics programs for a 16-member climbing team.

The Okidata Microline 92 printer withstood temperatures as low as 20 degrees below zero (Fahrenheit) and survived tough handling by Tibetan porters and teams of yaks, as the mountaineers came within 800 feet of the 29,028-ft. summit, according to the firm.

The purpose of the expedition, named "Ultima Thule," was to conduct medical research. The climbing team lugged \$400,000 worth of instrumentation, weighing 1½ tons including a portable computer and the ML 92. This was done to determine how high altitudes affect the brain and lungs.

Climber Jim Frush of Seattle used the printer and word processing program to churn out the preliminary notes and manuscript for a book he is writing about the expedition. The computer also helped keep track of the team's limited financial resources.

GREENWICH, CT—CBS Software and the Smithsonian Institution have announced plans to co-develop computer software. This new project will combine the software publishing and marketing capabilities of CBS Software with the resources, collections and exhibition program of the Smithsonian Institution.

"This will be a pioneering project for museums in terms of exploration of content and new educational technology. It will also be a model of collaboration between a public museum and the private sector in that each of us has something to offer the other, and each of us will learn from the other," said Peggy A. Loar, director of the Smithsonian Institution Traveling Exhibition Service.

Under the agreement, co-developed software will be marketed to consumers and school systems by CBS. The Smithsonian Traveling Exhibition Service will incorporate the software into its exhibit materials and will make the software widely available to museums and other cultural facilities.

Overseeing the project for the Smithsonian will be traveling exhibition service head officer, Marjorie Share, and for CBS Software, Marylyn Rosenblum, vice president of product development.

In another development, the company will lower prices and raise advertising and marketing efforts for the fourth quarter. CBS Software has expanded its media schedule for the fourth quarter advertising program and has simultaneously reduced its prices for selected key products in its Preschool and Fun and Learning categories. In addition, launch dates for new marketing programs, including the expansion of marketing and sales staffs, have been accelerated.

Suggested retail prices will be lowered by up to 37 percent on 14 of CBS Software's 47-title product line.

NEW YORK—Off to a good start, Commodore Business Machines announced that it has started shipping its new Plus/4 and 16 model computers. And, three weeks after initial deliveries, the company said it was getting reorders. The two units were introduced at the Summer CES in Chicago. So Davidson, president and general manager, said Commodore was following its "mandate by our society to pursue the mass market," and that company would "vigorously attack anyone who tries to attack our shelf space."

The Plus/4, which comes with built-in software for word processing, spread sheets, graphics and file management and sells for about \$300, is being supported by p-o-p materials; a print campaign that was kicked off with four-page inserts in magazines such as Time, People, Sports Illustrated and Newsweek, and a TV campaign featuring 30-second spots on shows such as NFL Football, A-Team and Simon & Simon. The Commodore 16, which replaces the VIC 20, is being promoted as the firm's "learning machine."

MANAGEMENT MOVES—Soft-Kat, Inc., a distributor of educational software, has appointed Mickey Kaiserman chief financial officer. He will be responsible for the company's financial, accounting and long-range strategic planning activities... Stephen Hargrett has been named chief financial officer for Discwasher. Hargrett formerly worked for Eschem, Inc., Chicago, where his 10 years of experience included positions as manager of specialty products, director of planning and corporate accounting manager... Discwasher also named Ted Kostecki assistant controller. Kostecki joins the company after one year with Esmark in Chicago as senior auditor... Michael Hayes has been named credit manager at Discwasher. Hayes was with O'Sullivan Industries in Lamar, MO, for three years... At O'Sullivan Industries, Inc., Tom Riegel has been promoted to director of marketing and Tom O'Sullivan, Jr. to the position of national sales manager... Haba Systems has named William Long software projects manager and senior programmer. He is responsible for overseeing all software development, beta testing, and supervising the activities of Haba systems programmers... David Kroenke has joined Microrim, Inc., as vice president of research and development. He previously served on the board of Microrim.

Computer Accessories offers tilt model for monitor users

SAN DIEGO—Computer Accessories Corp. has introduced a tilt-swivel mechanism that can be placed between any monitor and any flat surface that will alleviate sore backs, stiff necks, eye strain and other discomforts, it claims.



Computer Accessories T200

Users can tilt and/or swivel any monitor to accommodate changes in body position, change in operator and lighting. Since the T200 model swivels 360 degrees, one screen can be made available to several workers. The unit's load-bearing main surfaces are metal plates joined at the ball bearing turntable mount.

The bottom plate is equipped with mounting feet to prevent marks and scars to furniture or equipment, plus a built-in pen and pencil holder. Overall dimensions are 11 in. wide by 10½ in. high by 2¼ in. in length. The unit carries a suggested retail price of \$29.95.

Computer Accessories Corp., 7696 Formula Place, M, San Diego, CA 92121.

Samsung releases display monitor

SECAUCUS, NJ—Samsung has entered the U.S. computer market with a 12-in. display monitor for IBM computers. The monochrome unit, model MD-125G, is compatible with the IBM PC, PC-XT and PCjr models. Models with IBM green or amber character displays are being offered.

Features include a separate TTL H/V video input signal, a dual intensity signal level and 25 display lines, including the status line.



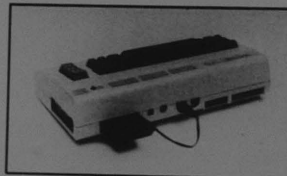
Samsung MD-1254G

Samsung Electronics America Inc., 117 Seaview Drive, M, Secaucus, NJ 07094.

Currah Technology shows synthesizer

BOSTON—Currah Technology has introduced the Voice Messenger-Speech 64, a speech synthesizer for the Commodore 64 computer. Measuring 2½-in. square and 3/4-in. deep, the unit plugs into the cartridge port of the Commodore 64. The output is carried to the auxiliary Commodore 64 sound input and reproduced through the television speaker. It does not use any RAM from the Basic workspace and allows users to simultaneously compute while talking. The built-in software, the Voice Messenger allows the Commodore to talk immediately after turning on the power.

The vocabulary is made possible by



Currah Voice Messenger

the use of an allophone based synthesizer chip, which allows individual speech sounds to be strung together to make intelligible speech. The unit retails for \$49.95.

Currah Technology, 50 Milk St., M, Boston, MA 02109.

Epson printer has up to seven colors

TORRANCE, CA—The JX-80 dot matrix printer from Epson offers printing in up to seven colors at a speed of 160 characters per second. A four-color ribbon prints in black, yellow, red or blue while an additional ribbon produces violet, orange and green by passing the print head over one of the four basic colors.

The unit features 128 type styles and offers Selectype feature which utilizes the printer's control switches. The device provides a second way of selecting print type combinations. The JX-80 uses nine by nine dot matrix characters with full descenders and features proportional spacing, tractor and friction-feeds and a standard parallel communications interface. The unit also uses standard Epson

interface boards to acquire optional serial or IEEE 488 interfaces. In the black mode, the JX-80 is software compatible with the Epson FX-80 and uses standard Epson ribbons.

Epson America, Inc., 3415 Kashiwa St., M, Torrance, CA 90505.

VDT stand offers pushbutton feature

TAMPA, FL—Atlantic DataFurniture now offers an electronically operated video display terminal that has pushbutton adjustments. The table allows the operator to use the keyboard or VDT while sitting or standing. Both platforms adjust from 26 in. to 38 in. in height.

Atlantic DataFurniture Products, Inc., P.O. Box 151777, 4507 W. Alva Ave., M, Tampa, FL 33614.



Wico SmartBoard

Wico introduces keyboard model

NILES, IL—Wico Corp. has premiered the SmartBoard, a keyboard/trackball peripheral for the IBM PC and Apple II, II+ and IIe computer systems. The unit allocates 256 bytes

to the 10 horizontally positioned function keys, according to need. Any single function key can be programmed to contain as many as 126 characters of information including all alphabet characters, control characters, spaces and returns.

The trackball can be programmed with up to eight characters in any of the four primary directions and provides two banks of memory for this purpose. IBM or clone users will be able to plug the unit directly into their computers while Apple owners will have to purchase an adaptor. The unit carries a suggested retail price of \$50.00. The SmartBoard itself retails for \$399.95.

Wico Corp., 6400 W. Gross Point Rd., M, Niles, IL 60648.

CTI unveils 64K portable computer unit

EAST RUTHERFORD, NJ—Computer Technology Corp., has introduced the EVE II portable computer that measures five in. high, 15 in. wide and 14½ in. deep. The package includes a five-in. monitor, two

5¼-in. half-height disk drives and typewriter-style keyboard (with numeric keypad). The portable unit has 64K of RAM and both 6502 and Z80 microprocessors. Standard interfaces on the portable included an RS-232 serial port, a Centronics parallel printer port, a joystick port and an external monitor jack.

The EVE II comes with an optional canvas carrying case, which holds diskettes, manuals and power cables as well as the computer.

Suggested retail price for the EVE II is \$1,595.

CTI, Inc., 200 Murray Hill Parkway, M, East Rutherford, NJ 07073.

Joystick provides three firing buttons

WHEELING, IL—Suncom's new joystick for the Atari and Commodore home computer systems offer a third fire button placed on the top of the handle. The TAC-3 is the company's top-of-the-line unit. TAC, short for totally accurate controller, features a beige base and a dark gray handle with red firebuttons.

The unit is compatible with the Commodore 64, all Atari units, the Texas Instruments 99/4A and the Coleco Gemini. The unit sells for \$14.95 and comes with a two-year warranty.

Suncom, 260 Holbrook Drive, M, Wheeling, IL 60090.

MEI unveils a line of computer cases

FRESNO, CA—MEI has unveiled a computer case line which the company said double as briefcases. Computers are held in place by a single point attachment. Cases are foam padded and feature compartments to hold modems, power supplies, RAM cartridges, diskettes and cords.

MEI, P.O. Box 15040, 1636 S. Second St., M, Fresno, CA 93702.

Keyboard drawer fastens under a desk top or shelf

CULVER CITY, CA—An under-carriage keyboard drawer has been developed by MicroComputer Accessories, Inc. The drawer is supported by ball bearing slides and can be installed and fastened under a desk top, shelf or table top. The drawer holds a keyboard with dimensions of up to 2¼ in. in height, 20 in. in width and 9¼ in. in diameter. It requires a 3¼-in. by 21-in. clearance. The drawer retails for \$54.00, and supports all home computer keyboards, including Commodore and Coleco.

MicroComputer Accessories, Inc., 5721 Buckingham Pkwy., M, Culver City, CA 90230.



Suncom TAC-3

Computer Trendings
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NEWSLINES VIDEO AUDIO



Sony's convertible CD player
retails for \$299



Disney releases Robin Hood
as first title on new Classics label

WASHINGTON, DC—The Summer Consumer Electronics Show (SCES) will stay in Chicago at least through 1987, the Electronic Industries Association's Consumer Electronics Group (EIA/CEG) board of directors decided recently. There had been speculation that the Summer show, which has been held in Chicago for the past 13 years, would move to New York when the city's Convention Center, currently under construction, is completed. CES vice president and show manager Dennis Corcoran said that after consideration of New York as a show site, the group decided to stay in Chicago because "New York cannot satisfy the space requirements of the Summer show." Chicago is adding a 525,000-sq.-ft. exhibit facility, to be completed in time for the 1986 show, to its McCormick Place. It was also announced that the winter exposition will remain in Las Vegas through 1987.

NEW YORK—Circuit City Stores, Inc. is embarking on a massive expansion program. The firm has signed a letter of intent to acquire a 19-unit chain in Los Angeles in February 1985. Presently, the firm operates 41 licensed departments in Zody's, most of which are based in Southern California. "We have not yet determined if we will continue our relationship with HRT (the owners of Zody's) after the new acquisition," noted president Richard Sharp. "We may use the people who run the Zody's departments in the new stores."

Circuit City is based in Richmond, VA, and presently operates 38 outlets under the Circuit City name. The firm also has eight Superstores, which are 30,000- to 40,000-sq.-ft. warehouse showrooms, and 11 Lafayette stores.

Sales per sq. ft. average \$989 and are expected to exceed \$1,300 in 1985, the firm said during a recent Retail Analysts meeting. While consumer electronics products represent the bulk of volume, about 15 percent of total sales come from major appliances, noted Lawrence Wilson, assistant treasurer. The stores average four inventory turns per year.

NEW YORK—Aiming digital sound at the masses, Sony has unveiled a compact disc player with a suggested retail price of \$299.95 that will be sold through more than 8,000 outlets, including catalog showrooms and discount stores. The new D-5 measures five by 5 1/4 in. and can be made portable with the addition of an optional carry case, battery pack and headphones. An AC adaptor and patch cord allow the unit to be used with a home stereo system. Features on the D-5 include Automatic Music Sensor, Music Search and LCD's that indicate battery condition, the track being played, elapsed time, number of tracks remaining and time remaining. The product will be available this month.

In addition, Sony has announced that it will begin shipping its compact disc players for the car this month. The two units available are the CDX-5 with a suggested retail price of \$599.95 and the CDX-R7 model with AM/FM for \$699.95.

All of Sony's compact disc products will be promoted in a holiday ad program.

BALTIMORE, MD—The 24-store Lusk's retail chain based here has acquired, through an affiliate, the Tokyo Shapiro chain in Cleveland. Jack Lusk, president of Lusk's, said he plans to double the number of Tokyo Shapiro stores, bringing the total to 10, within the next six months. A Lusk's spokesman said that is contingent upon stores becoming available in the right locations within that time.

Lusk's has traditionally carried electronics, audio, video and appliances, whereas Tokyo Shapiro has been known primarily as an audio retailer with some video equipment. Now, the spokesman said, Tokyo Shapiro will start selling microwave ovens, and the percentage of video equipment sold in its stores will rise. Tokyo Shapiro will also follow the Lusk's price policy of being, as the chain's slogan says, "the cheapest guy in town." Prices are guaranteed for 30 days after a sale is made.

NEW YORK—Walt Disney Home Video has released Robin Hood on video software to premiere its new Classic line. The new label will be devoted solely to the release of "very special titles," noted Richard Fried, director of marketing, during a press conference.

Robin Hood will be shipped in early December and will carry a suggested retail price of \$79.95. It will also be available on laserdisc for a list price of \$34.95 and on CED for \$29.95.

To kick off Robin Hood's release, Walt Disney is offering a fluorescent sign to qualifying dealers. Eight-page posters which can be used as store giveaways will also be distributed. The posters will also be included in the December issues of such magazines as Video Review, Video and American Film.

The firm will also hold a promotion for video dealers, and will award four vacations to London and Sherwood Forest. Dealers can enter one of three categories to compete: best window display, best in-store display and best in-store promotional event. A fourth overall "best" award will also be earned by a lucky dealer.

MONTREILLO, CA—Both Sony and Teac showed combination laserdisc/compact audio disc players at the recent Japan Audio Fair, and Teac, at least, is leaning toward marketing the product in the U.S. and showing it at the Winter Consumer Electronics Show (WCES) in January. Both units were made for the vendors by Pioneer, which recently announced its plans to unveil such a product at WCES.

Teac's sales and marketing vice president Barry Goldman said the LV-1500, which plays both CD's and laser videodiscs, will not be marketed in this country at least until March, but if the decision to sell it in the U.S. is made in time, it will be shown in Las Vegas. Picking had not been set at press time, but Goldman said the company would most likely decide to go with the unit. "I probably will handle it," he stated. "If we go ahead and decide to bring it in, we'll show it in January. The odds are we'll probably show it, but I'm waiting to see what the pricing's going to be." Teac is also bringing a VHS hi-fi model, the MV-1000, to WCES, with a suggested retail price in the area of \$1,400, Goldman estimated.

MANAGEMENT MOVES—Frank Lann, president of N.A.P. Consumer Electronics Corp., has left the company. It was announced recently. Donald F. Johnstone, the former senior vice president of marketing, has replaced Lann as president. ... Peter Fredriksson, vice president and general manager of Jensen's consumer products division, has also departed, and was replaced by Eugene Manning, who has the title vice president/general sales manager.

T.T. Systems Corp., 9 E. 37th St., New York, NY, 10016
Telephone Co. of America Inc., 55 Colony St., Meriden, CT, 06450
Toshiba America Inc., Consumer Electronics Div., 82 Totowa Rd., Wayne, NJ, 07470
Webcor Electronics Corp., 28 S. Terminal Dr., Plainview, NY, 11803

TELEPHONE DIALERS

AT & T Consumer Products, 5 Wood Hollow Rd., Parsippany, NJ, 07054
Comdial, 9620 Flair Dr., El Monte, CA, 91731
Dictograph U.S.A., 3573 Walden Ave., Lancaster, NY, 14086
Dyncan Corp., Cobra Consumer Electronics Group, 6460 W. Cortland St., Chicago, IL, 60635
Faxon-Courier Corp., 15300 San Fernando Mission Rd., Mission Hills, CA, 91345
Gulf & Western Consumer Electronics, Consumer Products, Concord & Tryens Rd., Aston, PA, 19014
Juliette Electronics, 4615 N.W. 77th Ave., Miami, FL, 33166
Kit Kat International Telephones, Inc., 855 Lexington Ave., New York, NY, 10021
Moog Electronics, Inc., Telecommunications, 2500 Walden Ave., Buffalo, NY, 14225
Panasonic, Consumer Electronics Group, One Panasonic Way, Secaucus, NJ, 07094
Sanyo Business Systems Corp., 51 Joseph St., Moonachie, NJ, 07074
Telephone Co. of America Inc., 55 Colony St., Meriden, CT, 06450
U.S. Tron, Inc., 125 Wilbur Pl., Bohemia, NY, 11716
Webcor Electronics Corp., 28 S. Terminal Dr., Plainview, NY, 11803
Zoom Telephonics, 207 South St., Boston, MA, 02111

TELEPHONE ACCESSORIES

AT & T Consumer Products, 5 Wood Hollow Rd., Parsippany, NJ, 07054
Arrow Trading Co., Inc., 1115 Broadway, New York, NY, 10010
Carter Corp., 1916 11th St., Rockford, IL, 61101
Curley Cords Inc., 915 Pennsylvania Blvd., Lancaster, PA, 19047
Dictograph U.S.A., 3573 Walden Ave., Lancaster, NY, 14086
EVO, Inc., 1 Lee Pl., Freeport, NY, 11520
Faxon-Courier Corp., 15300 San Fernando Mission Rd., Mission Hills, CA, 91345
Floyd Bell Associates Inc., 897 Higgs Ave., Box 12327, Columbus, OH, 43212
Gemini Industries Inc., 215 Enlin Rd., P.O. Box 1115, Clifton, NJ, 07014
General Electric, Wiring Device Dept., 225 Service Ave., Box 1050, Warwick, RI, 02886
Gulf & Western Consumer Electronics, Consumer Products, Concord & Tryens Rd., Aston, PA, 19014
International Components Corp., Distributor Products Div., 105 Massess Rd., Melville, NY, 11747
Jasco Products Co. Inc., P.O. Box 466, Oklahoma City, OK, 73101
Kit Kat International Telephones, Inc., 855 Lexington Ave., New York, NY, 10021
Mann Endless Cassette, Ind. Corp., P.O. Box 1347, San Francisco, CA, 94101
Pathcom, Inc., 24105 S. Frampont Ave., Harbor City, CA, 90710
Pierre Cardin Electronique, 1115 Broadway, New York, NY, 10010
Quasar Microsystems, Record-o-Fone, Quasar Microsystems, Inc., Brentwood, NY, 11717
RMS Systems, Inc., 4865 Scotts Valley Dr., Scotts Valley, CA, 95066
Smith Gates Corp., 1451 New Britain Ave., Farmington, CT, 06032
Soundesign, 34 Exchange Pl., Jersey City, NJ, 07302
T.T. Systems Corp., 9 E. 37th St., New York, NY, 10016
Telesco Technology Industries, 13700 Cimarron Ave., Gardena, CA, 90249
Telephone Co. of America Inc., 55 Colony St., Meriden, CT, 06450
U.S. Tron, Inc., 125 Wilbur Pl., Bohemia, NY, 11716
Webcor Electronics Corp., 28 S. Terminal Dr., Plainview, NY, 11803
Winegard Co., 3000 Kirkwood St., Burlington, IA, 52601

CALCULATORS

dt—Desk-Top
hh—Hand-Held
Arrow Trading Co., Inc., 1115 Broadway, New York, NY, 10010 (dt, hh)
Aurora Imper Corp., Bldg. B, Holes Dr., Kenilworth, NJ, 07033 (dt, hh)
B-C Systems, 59 W. Wyoming Ave., Melrose, MA, 02176 (dt, hh)
Becker & Becker, 501 Post Rd., Box 934, Westport, CT, 06881 (dt, hh)
Brother International Corp., Eight Corporate Pl., Piscataway, NJ, 08854 (dt, hh)
Canon U.S.A., Inc., Calculator Div., One Canon Plaza, Lake Success, NY, 11042 (dt, hh)
Casio Inc., 15 Gardner Rd., Fairfield, NJ, 07006 (dt, hh)
Commodore Business Machines Inc., 1200 Wilson Dr., Westchester, PA, 19380 (dt, hh)
Cosmo Communications Corp., 16501 N.W. 16th Ct., Miami, FL, 33169 (hh)
Dictograph U.S.A., 3573 Walden Ave., Lancaster, NY, 14086 (hh)
Docutel/Olivetti Corp., P.O. Box 22306, Dallas, TX, 75222 (hh)
Enterprex International Corp., 3900 E. Whiteside St., Los Angeles, CA, 90063 (hh)
Fortune Star Products Corp., 12 W. 23rd St., New York, NY, 10010 (hh)
Hanabashiya Ltd., 39 W. 28th St., New York, NY, 10001 (hh)
Hanimec (USA) Inc., 3125 Commercial Ave., Northbrook, IL, 60062 (dt, hh)
Hewlett Packard, 1000 N.E. Circle Blvd., Corvallis, OR, 97330 (dt, hh)
Jordache, 1201 Broadway, New York, NY, 10001 (dt, hh)
Novus Electronics Corp., Sub. of Webcor Electronics Inc., 28 S. Terminal Dr., Plainview, NY, 11803 (dt, hh)
Olympia USA, Inc., P.O. Box 22, Somerville, NJ, 08876 (dt, hh)
Panasonic, Consumer Electronics Group, One Panasonic Way, Secaucus, NJ, 07094 (dt)
Pierre Cardin Electronique, 1115 Broadway, New York, NY, 10010 (dt, hh)
Royal Consumer Business Products, 500 Day Hill Rd., Windsor, CT, 06095 (dt, hh)
Sanyo Business Systems Corp., 51 Joseph St., Moonachie, NJ, 07074 (dt, hh)
Sharp Electronics, 10 Sharp Plaza, Paramus, NJ, 07652 (dt, hh)
Teal Industries Inc., 1741 Lomita Blvd., Lomita, CA, 90717 (dt, hh)
Technico (USA) Corp., 989 Ave. of the Americas, New York, NY, 10018 (dt, hh)
Texas Instruments Inc., P.O. Box 225012, M/S 84, Dallas, TX, 75265 (dt, hh)
Unisonic Products Corp., 1115 Broadway, New York, NY, 10010 (dt, hh)
Webcor Electronics Corp., 28 S. Terminal Dr., Plainview, NY, 11803 (dt, hh)
Western Watches Int'l., Inc., 448 S. Hill St., Los Angeles, CA, 90013 (hh)

ELECTRONIC GAMES (Non-Video)

Criterion Watch Co. Inc., 60-01 31st Ave., Woodside, NY, 11377
Fidelity Computer Products, Inc., 8800 N.W. 36th St., Miami, FL, 33178
Fortune Star Products Corp., 12 W. 23rd St., New York, NY, 10010
Hanimec (USA) Inc., 3125 Commercial Ave., Northbrook, IL, 60062
K & K Merchandise Group, 10-27 45th Ave., Long Island City, NY, 11101
Mastron, 1825A Durlow Ave., S. El Monte, CA, 91733
Milton Bradley Co., 111 Maple St., Springfield, MA, 01101
Nintendo of America, 4820 150 Ave. N.E., Redmond, WA, 98052
O W Inc., 1160 Mahalo Pl., Compton, CA, 90220
Ritam Corp., P.O. Box 921, Fairfield, IA, 52556
Tiger Electronic Toys, 909 Orchard, Mundelein, IL, 60060
Unisonic Products Corp., 1115 Broadway, New York, NY, 10010

ELECTRONIC TYPEWRITERS

Avanti Typewriter Co., 1261 Wiley Rd., Ste. B, Schaumburg, IL, 60195
B-C Systems, 59 W. Wyoming Ave., Melrose, MA, 02176
Bretford Mfg. Inc., 9715 Soreng Ave., Schiller Park, IL, 60176
Brother International Corp., Eight Corporate Pl., Piscataway, NJ, 08854
Canon U.S.A., Inc., Calculator Div., One Canon Plaza, Lake Success, NY, 11042
Docutel/Olivetti Corp., P.O. Box 22306, Dallas, TX, 75222
Olympia USA, Inc., P.O. Box 22, Somerville, NJ, 08876
Royal Consumer Business Products, 500 Day Hill Rd., Windsor, CT, 06095
SCM Corp., 65 Locust Ave., New Canaan, CT, 06840
Silver-Reed America Inc., 2 Soundview Dr., Ste. 100, Greenwich, CT, 06830
Teal Industries Inc., 1741 Lomita Blvd., Lomita, CA, 90717

CITIZENS BAND RADIOS

Antenna Incorporated, 26301 Richmond Rd., Cleveland, OH, 44146
Audiovox Corp., 150 Marcus Blvd., Hauppauge, NY, 11727
Dyncan Corp., Cobra Consumer Electronics Group, 6460 W. Cortland St., Chicago, IL, 60635
Firstronics Inc., 3351-A Tweedy Blvd., P.O. Box 1326, South Gate, CA, 90280
General Electric, Audio Electronics Products Dept., Electronics Park, Bldg. 5, Syracuse, NY, 13221
JCL LA Corporation, Japan Industries Co., Ltd., 17120 Edwards Rd., Cerritos, CA, 90706
Kyocera International, Inc., 7 Powder Horn Dr., Warren, NJ, 07060
Midland International Corp., Consumer Products, 1690 N. Topping, Kansas City, MO, 64120
Speco Division, Components Specialties Inc., 1172 Rte. 109, Box 624, Lindenhurst, NY, 11757

SCANNERS

Antenna Incorporated, 26301 Richmond Rd., Cleveland, OH, 44146
Electra Co., Div. Masco Corp., 300 E. County Line Rd., Cumberland, IN, 46229
Faxon-Courier Corp., 15300 San Fernando Mission Rd., Mission Hills, CA, 91345
Fox Marketing, Inc., 4518 Taylorsville Rd., Dayton, OH, 45424
JCL LA Corporation, Japan Industries Co., Ltd., 17120 Edwards Rd., Cerritos, CA, 90706
Regency Electronics, 7707 Records St., Indianapolis, IN, 46226

RADAR DETECTORS

B.E.L.-Tronics Ltd., 2025 W. Harry, Ste. 10, Wichita, KS, 67213
Controlonics, Whistler, 5 Lyberty Way, Westford, MA, 01886
Dyncan Corp., Cobra Consumer Electronics Group, 6460 W. Cortland St., Chicago, IL, 60635
Electrolert Inc., Fuzz Buster & Weatheralert, 4949 South 25-A, Tipp City, OH, 45371
GUL Industries Corp., 23978 Craftsman Rd., Calabasas, CA, 91302
Heart Marketing, Inc., 314 S. Main, Englewood, OH, 45322
Regency Electronics, 7707 Records St., Indianapolis, IN, 46226

QUARTZ WATCHES

an—Analog
di—Digital
Advance Watch Co. Ltd., 26400 W. Eight Mile Rd., Southfield, MI, 48034 (an, di)
Astron Corporation, 29-10 Thomson Ave., Long Island City, NY, 11101 (an, di)
Astro Trading Corp., 175 Fifth Ave., New York, NY, 10010 (di)
Bilora USA Inc., 212 Fifth Ave., New York, NY, 10010 (an)
Casio Inc., 15 Gardner Rd., Fairfield, NJ, 07006 (an)
Comus Inc., 1739 A Mile Rd., N.E., Grand Rapids, MI, 49505 (di)
Criterion Watch Co. Inc., 60-01 31st Ave., Woodside, NY, 11377 (di)
Enterprex International Corp., 3900 E. Whiteside St., Los Angeles, CA, 90063 (di)
Innovative Time Corp., 6054 Corte Del Cedro Blvd., Carlsbad, CA, 92008 (an, di)
Jordache, 1201 Broadway, New York, NY, 10001 (di)
K & K Merchandise Group, 10-27 45th Ave., Long Island City, NY, 11101 (di)
Lorus Inc., W. 80 Century Rd., Paramus, NY, 07652 (an, di)
Marcel Watch Corp., 1115 Broadway, New York, NY, 10010 (di)
Novus Electronics Corp., Sub. of Webcor Electronics Inc., 28 S. Terminal Dr., Plainview, NY, 11803 (an, di)
Seiko Time Corp., 640 Fifth Ave., New York, NY, 10019 (an, di)
Timex Corp., P.O. Box 2126, Waterbury, CT, 06721 (an, di)
Webcor Electronics Corp., 28 S. Terminal Dr., Plainview, NY, 11803 (an, di)
Western Watches Int'l., Inc., 448 S. Hill St., Los Angeles, CA, 90013 (an, di)

ELECTRONICS FURNITURE

AAL (American Acoustics Labs), 629 W. Cermak Rd., Chicago, IL, 60616
B-C Systems, 59 W. Wyoming Ave., Melrose, MA, 02176
Bretford Mfg. Inc., 9715 Soreng Ave., Schiller Park, IL, 60176
Bush Industries Inc., 312 Fair Oak St., Little Valley, NY, 14755
Case Manufacturing Company, 2601 Greengate Rd., Greensboro, NC, 27406
Comprehensive Video Supply Corp., 148 Veterans Dr., Northvale, NJ, 07647
Constellation Furniture, 203 North St., St. Joseph, MI, 49085
Craft Tech Industries, 7445 Mayer Rd., Fair Haven, MI, 48023
Denon America Inc., P.O. Box 1139, W. Caldwell, NJ, 07006
Foremost Furniture by Sauder Woodworking Co., 502 Middle St., Archbold, OH, 43502
Fournier Accessory Furniture Inc., 7301 32nd Ave. N., Minneapolis, MN, 55427
Furniture Concepts International, 1A Colony Rd., Jersey City, NJ, 07305
Gerber Industries, Inc., Furniture Div., P.O. Box 600, St. Peters, MO, 63376
Guisdorf Corp., 6900 Manchester Ave., St. Louis, MO, 63143
International Marketing Services Inc., 220 Commerce Ave., Port Richey, FL, 33568
JVC Company of America, 41 Slater Dr., Elmwood Park, NJ, 07407
Luvian Computer Furniture, 1129 S. Bridge St., Belding, MI, 48809
O'Sullivan Industries, Inc., 19th & Gulf Sts., Lamar, MO, 64759
Quasar Co., 9401 W. Grand Ave., Franklin Park, IL, 60131
Suncom, Inc., 260 Holbrook Dr., Wheeling, IL, 60090
Telesco Technology Industries, 13700 Cimarron Ave., Gardena, CA, 90249

PERSONAL COMPUTER HARDWARE

Amiga Computer, Inc., 3350 Scott Blvd., Building #7, Santa Clara, CA, 95051
Apple Computer Inc., 20525 Mariani Ave., #18P, Cupertino, CA, 95014

Atari Inc., 1265 Borregas Ave., Sunnyvale, CA, 94086
CIE Systems, Inc., Distributed Systems Div., 2515 McCabe Way, Irvine, CA, 92713
Casio Inc., 15 Gardner Rd., Fairfield, NJ, 07006
Coleco Industries Inc., 200 Fifth Ave., Room 1234, New York, NY, 10010
Commodore Business Machines Inc., 1200 Wilson Dr., Westchester, PA, 19380
Compaq Computer Corp., 20333 FMI49, Houston, TX, 77070
Convergent Technologies, 2441 Mission College Blvd., Santa Clara, CA, 95050
Cromemco, Inc., 280 Bernardo Ave., P.O. Box 7400, Mountain View, CA, 94039
Epson America Inc., 3415 Kashiwa St., Torrance, CA, 90505
Franklin Computer Corp., 240 Hacienda Ave., Campbell, CA, 95008
Gavilan Computer Corp., 1070 Busch Memorial Hwy., Painesville, OH, 08110
Hewlett Packard, 1000 N.E. Circle Blvd., Corvallis, OR, 97330
IBM Corp., P.O. Box 1328, Boca Raton, FL, 33432
Kaypro Corp., 533 Stevens Ave., Solana Beach, CA, 92075
Kyocera International, Inc., 7 Powder Horn Dr., Warren, NJ, 07060
Microsci Corp., 2158 S. Hathaway St., Santa Ana, CA, 92705
NEC Home Electronics (U.S.A.), Inc., 1401 W. Estes Ave., Elk Grove Village, IL, 60007
Olympia USA, Inc., P.O. Box 22, Somerville, NJ, 08876
Panasonic, Computer Div., One Panasonic Way, Secaucus, NJ, 07094
Royal Consumer Business Products, 500 Day Hill Rd., Windsor, CT, 06095
Samsung Electronics America Inc., 117 Seaview Dr., Secaucus, NJ, 07094
Sharp Electronics, 10 Sharp Plaza, Paramus, NJ, 07652
Sinclair Research, 50 Staniford St., Boston, MA, 02114
Spectravideo, Inc., 3300 Sheldon Ct., #10/11, Fremont, CA, 94539
Tatung Co. of America, 2850 El Presidio St., Long Beach, CA, 90810
Televideo Systems, Inc., 1170 Morse Ave., Sunnyvale, CA, 94086
Texas Instruments Inc., P.O. Box 225012, M/S 84, Dallas, TX, 75265
Video Technology, 2633 Greenleaf Ave., Elk Grove Village, IL, 60007
Zenith Data Systems, 1000 Milwaukee Ave., Glenview, IL, 60025

PERSONAL COMPUTER PERIPHERALS

cp—Cassette Players
dd—Disk Drives
gc—Game Controllers
m—Monitors
p—Printers
tm—Telephone Modems
p—Other
AST Research Inc., 2121 Alton Ave., Irvine, CA, 92714 (tm, o)
The Alien Group, 27 W. 23rd St., New York, NY, 10010 (tm, o)
Alphacom, 2323 S. Bascom Ave., Campbell, CA, 95008 (p)
Amdek Corp., 2001 Lively Blvd., Elk Grove Village, IL, 60007 (dd, m, p, o)
Androbot Inc., 101 E. Daggett Dr., San Jose, CA, 95134 (p)
Apple Computer Inc., 20525 Mariani Ave., #18P, Cupertino, CA, 95014 (dd, gc, m, p, tm, o)
Atari Inc., 1265 Borregas Ave., Sunnyvale, CA, 94086 (dd, gc)
Axiom Corp., 1014 Griswold Ave., San Fernando, CA, 91340 (p)
Axiom Inc., 1287 Lawrence Station Rd., Sunnyvale, CA, 94089 (dd, o)
B-C Systems, 59 W. Wyoming Ave., Melrose, MA, 02176 (dd, m, p, tm)
Canon U.S.A., Inc., Calculator Div., One Canon Plaza, Lake Success, NY, 11042 (p)
Carter Corp., 1916 11th St., Rockford, IL, 61101 (o)
Chelco Sound, Inc., 1432-1440 Randolph Ave., Avenel, NJ, 07001 (cp)
Coleco Industries Inc., 200 Fifth Ave., Room 1234, New York, NY, 10010 (dd, gc, tm, o)
Commodore Business Machines Inc., 1200 Wilson Dr., Westchester, PA, 19380 (cp, dd, gc, m, p, tm, o)
Comprehensive Video Supply Corp., 148 Veterans Dr., Northvale, NJ, 07647 (dd, p)
Concorde Peripheral Systems, 23152 Verdugo Dr., Laguna Hills, CA, 92653 (dd)
Dial Systems Inc., A Xerox Co., P.O. Box 5030, Fremont, CA, 94537 (p)
Digitronics, Div. of Comtec, 53 John St., Cumberland, RI, 02864 (p)
Docutel/Olivetti Corp., P.O. Box 22306, Dallas, TX, 75222 (p)
Epson America Inc., 3415 Kashiwa St., Torrance, CA, 90505 (dd, m, p, tm)
Fidelity Computer Products, Inc., 8800 N.W. 36th St., Miami, FL, 33178 (p)
Fortune Star Products Corp., 12 W. 23rd St., New York, NY, 10010 (cp)
General Electric, Audio Electronics Products Dept., Electronics Park, Bldg. 5, Syracuse, NY, 13221 (cp)
Hartzell Corp., 2516 Wabash Ave., St. Paul, MN, 55114 (tm)
Hitachi Sales Corp. of America, 401 W. Arteria Blvd., Compton, CA, 90220 (dd, m)
Houston Instrument, Div. of Bausch & Lomb, 8500 Cameron Rd., Austin, TX, 78753 (o)
IBM Corp., P.O. Box 1328, Boca Raton, FL, 33432 (dd, m, p, tm)
International Marketing Services Inc., 220 Commerce Ave., Port Richey, FL, 33568 (o)
C. Itoh Digital Products, Inc., 19750 S. Vermont Ave., #220, Torrance, CA, 90502 (p)
Kosla Technologies Corp., 3100 Patrick Henry Dr., Santa Clara, CA, 95050 (p)
Kyocera International, Inc., 7 Powder Horn Dr., Warren, NJ, 07060 (tm)
MPI, 4426 S. Century Dr., UT, 84123 (p)
Mann Endless Cassette, Ind. Corp., P.O. Box 1347, San Francisco, CA, 94101 (p)
Mastron, 1825A Durlow Ave., S. El Monte, CA, 91733 (cp, p, o)



Robins Division, Benjamin Electroproducts, Inc., 80 Smith St., Farmington, CT 06030
11735
Suncom, Inc., 260 Holbrook Dr., Wheeling, IL 60090
Video Technology, 2223 S. 1st St., Milwaukee, WI 53207

PERSONAL COMPUTER ACCESSORIES

Zenith Data Systems, 1000 Mainland Ave., Gardenvale, IL, 60025
ZMMG Magnetic Tape Int'l., 14600 S. Broadway, Gardena, CA, 90248

AST Research Inc., 2121 Alton Ave., Irvine, CA, 92714
Axiom Corp., 1601ly Accessories, 4201 Warden St., Ballingston, VA, 98226
Apple Computer, 1 Apple Way, Cupertino, CA, 95014
Asio Inc., 1287 Lennex Road, Sunnyvale, CA, 95009
B&B Video Products, Kelsey Industries, 1751 Jay El Dr., Richardson, TX, 75081
Cable Innovations Inc., 200 Fifth Avenue, New York, NY, 10010
Commodore Business Machines Corp., 1200 Wilson Dr., Westchester, PA, 19380
Dataquest Inc., 9422 Wendell Ave., Chesham, CA, 91311
Digital Equipment Corp., P.O. Box 5030, Fremont, CA, 94537
Discrete Systems Inc., A Xerox Co., P.O. Box 5030, Fremont, CA, 94537
Dynamics International Corp., 10000 Wilshire Blvd., Suite 1000, Beverly Hills, CA, 90212
Ektachrome, 136 E. Butler & Weintraub, 4549 South 25 A, Tipp City, OH, 45371
Emulex Products Inc., 1065 Bristol Rd., Mountlake, NJ, 07092
Framatran Company Inc., 382 Park Ave., New York, NY, 10017
General Industries Inc., 215 Elm St., P.O. Box 1115, Clifton, NJ, 07014
Innovative Concepts Inc., 1971 Concourse Dr., San Jose, CA, 95131
International Computers Corp., Distributor Product Div., 105 Hanes Rd., Raleigh, NC, 27601
Jasco Products Co. Inc., P.O. Box 466, Olathe City, MO, 64780
Kodak, 18254 Durfee Ave., S.E. Miami, FL, 33156
Laser Computer Furniture, 1129 S. Milwaukee St., Beltsville, MD, 44019
Sanyo Electric Co., Consumer Products Site of Tandy Corp., 675 N. First St., San Jose, CA, 95128

(for product information)

Personal Computer Accessories, The Pine Cone, P.
95021

[illegible]

COOKING

COOKING

gr—Electric Ranges
m—Microwaves
mc—Microwave Convection
in—Induction

Admiral Div. of Maytag Corp., 1701 E. Woodfield Rd., Schaumburg, IL 60196 (gr, m)
Amana Refrigeration Inc., Amana, IA 52204 (gr, mc)
Bosch Power Tools U.S.A. Inc., P.O. Box 10, Atwater, IN 47303 (gr, m)
Brüel-Silber Work, Inc., P.O. Box 2490, 1422 Carolina Ave., Cleveland, TN 37311 (gr, m, co)
Cameron Division, Hobart Corp., Westfield Massachusetts, Troy, OH 45374 (gr, m, co)
Casey Group Inc., P.O. Box 1955, Winston Salem, NC 27102 (gr, m)
Crestline Electric Co., 800 S. Main St., Michigan City, IN 46360 (gr, m)
Dodge Corporation, 3155 S. Lincolnway, Chicago, IL 60608 (gr, m)
Maytag Co., Newton, IA 50208 (gr, m)
Modern Maid Tappan Appliances Corp., 7319 Linerham Blvd., N. Hollywood, CA 91605 (gr, m)
O'Keefe & Merritt, Tappan Appliances Corp., Tappan Park, Mansfield, OH 44901 (gr, m)
Purdue-Pattner Appliances Co., 119 S. 14th St., Belleville, IL 62222 (gr, m)
Royal Sales Corp., 1000 W. 10th St., Minneapolis, MN 55408 (gr, m)
Royal Calsi, Gray & Dudley, 2300 Clintonville, Dayton, OH 45405 (gr, m)
Tappan Appliance Division, Tappan Park, Mansfield, OH 44901 (gr, m)
Thermador/Westinghouse, A Div. of Inl Industries, Inc., 5119 Detroit Blvd., Los Angeles, CA 90001 53 North Santa Anita, Ft. Lauderdale, FL 33309 (gr, m)
Whirlpool Corp., 3000 15th St. N.E., Benton Harbor, MI 49022 (gr, m)
Westinghouse Appliance Co., A Div. of Whirlpool Consolidated Industries, 520 Ft. Duquesne Blvd., Pittsburgh, PA 15222 (gr, m)

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Major Appliances

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CLEANUP

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NOVEMBER

New York Gourmet Products Show:
November 11-13, Passenger Pier Terminal, Hudson River Piers 88, 90, 92, New York, NY. Write: National Fairs, Inc., 45 Franklin St., Suite 301, San Francisco, CA 94102; 415/474-2300.

JANUARY

Winter Consumer Electronics Show:
January 5-8, Las Vegas Convention Center, Las Vegas, NV. Write: Dennis Corcoran, Consumer Electronics Shows, 2001 Eye St., NW, Washington, DC 20006; 202/457-8700.

Transworld Housewares & Variety Exhibit:
January 11-15, O'Hare Exposition Center, Rosemont, IL. Write: Joe Thaler, Transworld Exhibits, 1850 Oak St., Northfield, IL 60093; 312/446-8434.

NRMA 74th Annual Convention & Business & Equipment Exposition:
January 13-16, New York Hilton and Sheraton Center, New York, NY. Write: Mary Ellen McGroary, National Retail Merchants Assn., 100 W. 31st St., New York, NY 10001; 212/244-8780.

National Association of Home Builders 41st Annual Convention & Exposition:
January 26-29, Astrodome Complex, Houston, TX. Write: National Housing Center, 15th and M Sts. NW, Washington, DC 20005; 202/822-0200.

FEBRUARY

Demotecnica Housewares and Home Appliance Show:
February 5-8, Cologne Exposition Grounds, Cologne, West Germany. Write: Hans Teetz, German American Chamber of Commerce, 666 Fifth Avenue, New York, NY 10103; 212/974-8836.

National Back-to-School Merchandise Show:
February 15-17, New York Coliseum, New York, NY. Write: David Thalheim, Thalheim Expositions, 98 Cutter Mill Road, Great Neck, NY 11021; 212/357-3555.

Variety Merchandise Show:
February 16-19, New York Coliseum, New York, NY. Write: David Thalheim, Thalheim Expositions, Inc., 98 Cutter Mill Road, Great Neck, NY 11021; 212/357-3555.

Winter National Hardware & Home Center Show:
February 17-19, Las Vegas Convention Center, Las Vegas, NV. Write: William P. Farrel, American Hardware Manufacturers Assn., 931 Plum Grove Rd., Schaumburg, IL 60195; 312/885-1025.

MARCH

International Hardware Fair:
March 3-6, Cologne Exposition Grounds, Cologne, West Germany. Write: Hans Teetz, German American Chamber of Commerce, 666 Fifth Ave., New York, NY 10103; 212/974-8836.

Calendar of Events



merce, 666 Fifth Ave., New York, NY 10103; 212/974-8836.

National Kitchen and Bath Conference:
March 17-20, Cervantes Convention Center, St. Louis, MO. Write: Conference Registrar, 124 Main St., Hackettstown, NJ 07840; 201/852-0033.

Multi-Housing World:
March 17-19, St. Louis, MO. Write: Barbara Dales, Gralla Conferences, 1515 Broadway, New York, NY 10036; 212/869-1300.

Major Appliance Retailing Conference:
March 17-20, Cervantes Convention Center, St. Louis, MO. Write: Barbara Dales, Gralla Conferences, 1515 Broadway, New York, NY 10036; 212/869-1300.

ITA:
March 20-23, Saddlebrook Golf & Terrace Resort, Tampa, FL. Write: Henry Brief, ITA, 10 Columbus Circle, Suite 2270, New York, NY 10019; 212/956-7110.

Comdex Conference:
March 21-24, Anaheim Convention Center, Anaheim, CA. Write: The Interface Group, 300 First Ave., Needham, MA 02194; 617/449-6600.

NATM Buying Corp. Meeting:
March 21-24, Doral Country Club, Miami, FL. Write: Saul Gold, 45 West 34th St., New York, NY 10001; 212/239-7222.

Transworld Housewares and Variety Exhibit:
March 22-27, O'Hare Exposition Center, Rosemont, IL. Write: Joe Thaler, Transworld Exhibits, 1850 Oak St., Northfield, IL 60093; 312/446-8434.

NHMA 82nd Annual International Housewares Exposition:

Jericho, NY 11753
516/822-8948
Robert McKellar, managing director

VACUUM CLEANER MANUFACTURERS ASSOCIATION
1615 Collamer Street
Cleveland, OH 44110
216/851-2400
Joseph C. Frantz, exec. secretary

VIDEO SOFTWARE DEALERS ASSOCIATION
1008-F Astoria Blvd.
P.O. Box 1910
Cherry Hill, NJ 08034
609/424-7117
Mickey Granberg, executive v.p.

March 24-28, McCormick Place and McCormick West, Chicago, IL. Write: Ronald A. Fippinger, National Housewares Manufacturers Assn., 1324 Merchandise Mart, Chicago, IL 60654; 312/644-3333.

NARDA's Annual Convention:
March 31-April 3, Opryland Hotel, Nashville, TN. Write: Mary Jawgiel, NARDA, 2 N. Riverside Plaza, Chicago, IL 60606; 312/454-0944.

National Association of Recording Merchandisers Annual Convention:
March 29-April 2, Diplomat Hotel, Hollywood, FL. Write: Dan Davis, 1008-F Astoria Blvd., Cherry Hill, NJ 08034; 609/424-7404.

Softcon:
March 31-April 3, Georgia World Congress Center, Atlanta, GA. Write: Northeast Expositions, 822 Boylston Street, Chestnut Hill, MA 01773/739-2000.

APRIL

Association of Home Appliance Manufacturers Conference:
April 17-20, Registry Resort, Scottsdale, AZ. Write: Fran Randlich, Manager, Administrative Services, AHAM, 20 N. Wacker Drive, Chicago, IL 60606; 312/984-5800.

MAY

National Gourmet Products Show:
May 5-8, George R. Moscone Convention Center, San Francisco, CA. Write: National Fairs, Inc., 45 Franklin St., San Francisco, CA 94102; 415/474-2300.

COMDEX/Spring Conference:
May 6-9, Georgia World Congress Center, Atlanta, GA. Write: The Interface Group, Inc., 300 First Ave., Needham, MA 02194; 617/449-6600.

Premium Incentive Show:
May 6-9, New York Coliseum, New York, NY. Write: David Thalheim, Thalheim Expositions, Inc., 98 Cutter Mill Rd., Great Neck, NY 11021; 212/357-3555.

Gourmet Food and Wine Show:
May 8-10, Civic Auditorium and Brooks Hall, San Francisco, CA. Write: National Fairs, Inc., 45 Franklin St., San Francisco, CA 94102; 415/474-2300.

Gas Appliance Manufacturers Association Meeting:
May 12-15, Hot Springs, VA. Write: Norma Veno, GAMA, 1901 N. Fort Myer Drive, Arlington, VA 20009.

JUNE

Summer Consumer Electronics Show:

June 2-5, McCormick Place, Chicago, IL. Write: Dennis Corcoran, Consumer Electronics Shows, 2001 Eye St., NW, Washington, DC 20006; 202/457-8700.

Mid-year Variety Show:
June 9-12, New York Coliseum, New York, NY. Write: David Thalheim, Thalheim Expositions Inc., 98 Cutter Mill Rd., Great Neck, NY 11021; 212/357-3555.

National LP Gas Association Annual Convention & Exposition:
June 10-13, MGM Grand, Las Vegas, NV. Write: Mike Spear, National LP Gas Assn., 1301 W. 22nd St., Oakbrook, IL 60093; 312/986-4800.

JULY

Transworld Housewares Show & Variety Exhibit:
July 12-16, O'Hare Exposition Center, Rosemont, IL. Write: Ray Passis, Transworld Exhibits, 1850 Oak St., Northfield, IL 60093; 312/446-8434.

National Retail Hardware Association Annual Congress:
July 21-25, Clarion Hotel, Cincinnati, OH. Write: Barbara Schuster, convention director, NRHA, 770 N. High School Rd., Indianapolis, IN 46224; 317/248-1261.

AUGUST

National Electronic Service Dealers Association Industry Convention Show:
August 5-10, Parkview Hilton, Hartford, CT. Write: Barbara Rubin, NESDA, 2708 W. Berry, Ft. Worth, TX 76109; 817/921-9061.

National Hardware Show/Hardware Industry:
August 11-15, McCormick Place and McCormick West, Chicago, IL. Write: William Farrel, American Hardware Manufacturers Assn., 931 N. Plum Grove Rd., Schaumburg, IL 60195; 312/885-1025.

Video Software Dealers Association Meeting:
August 25-28, Washington, DC. Write: Mickey Granberg, Video Software Dealers Assn., 1008-F Astoria Blvd., Box 1910, Cherry Hill, NJ 08034; 609/424-7177.

SEPTEMBER

52nd National Merchandise Show:
Sept. 7-10, New York Coliseum, New York, NY. Write: David Thalheim, Thalheim Expositions Inc., 98 Cutter Mill Rd., Great Neck, NY 11021; 212/357-3555.

NOVEMBER

Transworld Housewares & Variety Exhibit:
November 1-6, O'Hare Exposition Center, Rosemont, IL. Write: Joe Thaler, Transworld Exhibits, 1850 Oak St., Northfield, IL 60093; 312/446-8434.

NHMA 83rd International Housewares Exposition:
November 3-7, McCormick Place and McCormick West, Chicago, IL. Write: Ronald A. Fippinger, National Housewares Manufacturers Assn., 1324 Merchandise Mart, Chicago, IL 60654; 312/664-6363.

COMDEX Fall Conference:
Nov. 20-24, Las Vegas Convention Center, West Home, Hilton, Riviera, Caesar's Palace, MGM Grand Hotel, Las Vegas, NV. Write: The Interface Group, Inc., 300 First Ave., Needham, MA 02194; 617/449-6600.

DECEMBER

Kitchen/Bath Industry Show West Cadmacc '85-The Cabinet Design, Manufacturing and Components Show:
December 8-10, Long Beach Entertainment & Convention Center, Long Beach, CA. Write: Barbara Dales, Gralla Conferences, 1515 Broadway, New York, NY 10036; 212/869-1300.

Trade Associations

(Continued from page 76)

TV BUREAU OF ADVERTISING
485 Lexington Avenue
New York, NY 10017
212/661-8440
Roger D. Rice, president

U.S. INDEPENDENT TELEPHONE ASSOCIATION
1801 K Street, N.W., Suite 1201
Washington, DC 20006
202/872-1200
John Sodolski, president

VACUUM BAG MANUFACTURERS ASSOCIATION
380 N. Broadway

NOVEMBER, 1984

A GRALLA PUBLICATION **Merchandising**

DECEMBER 1984

Home and Auto Electronics • Housewares • Major Appliances
THE NATIONAL MAGAZINE FOR HARDGOODS RETAILERS, WHOLESALERS AND DISTRIBUTORS

ACTION FORECAST '85

Retailers Cast Their Votes for Next Year's
Fastest Growing and Most Profitable Products

CONSUMER ELECTRONICS

- 1 VCR's
- 2 TV's
- 3 Home Stereo
- 4 Video Cameras
- 5 Car Stereos

MAJOR APPLIANCES

- 1 Refrigerators
- 2 Microwave Ovens
- 3 Clothes Washers
- 4 Clothes Dryers
- 5 Electric Ranges

HOUSEWARES

- 1 Microwave Cookware
- 2 Vacuum Cleaners
- 3 Drip Coffee Makers
- 4 Gas Grills
- 5 Metal Cookware

ALSO IN THIS ISSUE:

Video retailers
face the supermarket
threat

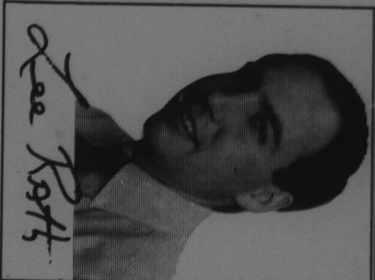
Suppliers pump up
production of under-
the-cabinet models

Who's selling
(and earning) what in
home computers?

Montgomery Ward
rethinks the appliance
store

Tracking the
residential telephone
market

OVERVIEW



Industry looks toward 1985 with optimism and caution

On the next few pages, in their *Trendings '84* in *Review* columns, *Merchandising's* editors look back at what was, overall, a very good year in consumer electronics, major appliances and housewares. In consumer electronics, it was the year of a video boom that just would not quit. For major appliances, it was a year of broken records as product shipments hit new highs. And in housewares, it was a year of innovation, in which old products were given new twists that built sales volume

quite substantially.

Of course, not all products were winners. In the home computer market, the turmoil continued, leaving most retailers thoroughly confused and only a few vendors left standing on their feet.

Some ideas failed

It was also the year that saw the demise of the CED videodisc format. And a couple of new colors in major appliances failed to generate very much excitement.

But overall, 1984 will go down as a year to be proud of.

Speaking optimistically, suppliers point to a healthy economy that's not likely to pull an about face anytime in the near future. Interest rates are relatively stable. Consumer confidence is good.

On the other hand, however, the presidential election is over. Whatever forces were employed to buoy the economy through November may be weakening. There is that nasty problem of the federal deficit to deal with sooner or later. And the economy is showing signs of easing.

Which is not to say we're heading for trouble, just that we're probably not going to see the kind of growth next year that we witnessed in '84.

How will this hit our industries?

In some cases, the effects should be minimal. After all, it would take nothing short of an economic cataclysm to significantly slow the VCR boom. If anything, it's probably going to pick up steam this year as new manufacturers enter the picture and lower prices bring the product in reach of a growing number of customers.

Other innovative products like CD players and ultrasonic humidifiers will no doubt do very well. They've only just begun. And there will be other new products, other innovations coming our way next year that should capture the public's imagination.

Where the effects may be felt, however, is in more mature product areas, particularly where higher ticket-ets are the rule. Home audio equipment, for one, may be affected. Also, some major appliances could feel a slowdown, particularly if housing starts drop next year. These are among the areas where the industry is feeling cautious.

Optimism still prevails

Yet optimism prevails. Otherwise, why would dealers surveyed for our most recent Retail Opinion File (see page 128) predict growth rates of 22.2 percent for consumer electronics, 11.9 percent for major appliance and 9.3 percent for housewares sales next year?

In short, the only thing we can be sure of for '85 is that it will be a year of change. Every year is.

Change is in the air at *Merchandising* too. Starting next month, we are going to be launching a series of cover stories that will take an in-depth look at major industry issues.

First, on the schedule is a story about deteriorating channels of distribution in the consumer electronics industry, a problem that has made just about any product on the market available to any retailer who wants it.

Other issues to be probed during the year include the rapid expansion of consumer electronics chains, takeovers and mergers in the housewares industry, product dumps and the truth behind co-op advertising.

We'll be blazing some new trails for *Merchandising* in 1985. We're finding the effort rewarding. We hope you will too. ●

**Action Forecast '85
starts on
page 128**

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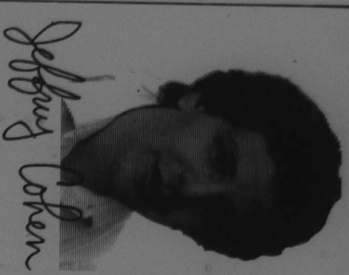
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MERCHANDISING



Video had its ups and downs, while CD roused audio in '84

George Orwell notwithstanding, 1984 wasn't a bad year at all for video and audio. True, it turned out to be every bit as confusing as the British author predicted the year would be, but retailers of entertainment electronics found the public willing to listen and learn.

In the first place, it was the year of more video formats than anyone wanted. Some thrived. Others fell by the wayside.

Among the latter was the late CED system. While RCA continues to

produce software (and will keep on until the demand becomes nonexistent), the player itself is no more. The move left some retailers seriously mourning what they saw as a product with strong potential, while others point to ever-weak sales figures and say good riddance.

On the other side of the coin is Beta hi-fi, and now, VHS hi-fi, the format they said couldn't be done. Although most consumers probably still don't appreciate the improvement, enough do so that both formats have proven to



"For room-filling sound from your personal stereo, plug in a pair of Bose RoomMates."

—PLAYBOY DECEMBER 1984



"Good sound just can't get any simpler or cheaper..."

—THE NEW YORK TIMES MAGAZINE SEPTEMBER 23, 1984



"...the ideal way to turn a personal portable into a room-filling sound system."

—ROLLING STONE SEPTEMBER 13, 1984



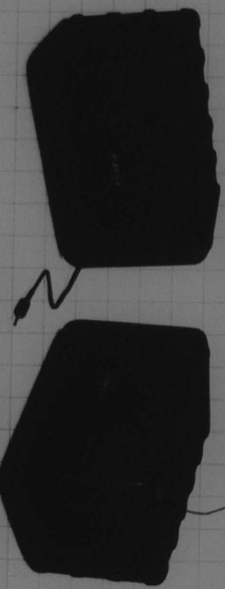
"You can get great big sound out of your little pocket stereo..."

—USA TODAY AUGUST 1, 1984



One of the "14 Fabulous New Products" introduced in 1984.

—STEREO REVIEW SEPTEMBER 1984



Roommate

by BOSE

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be strong sellers. The Christmas season is no doubt feeling their presence.

Besides providing possibilities for hi-fi VCR sales, the debut of stereo TV broadcasting in 1984 made it feasible to market audio and video systems together in a way never done before. Combination systems and high-fidelity television began to make small dents in the high end of the video market, with stronger performances expected in the coming year.

Still, not every new trend in video was either an overwhelming success or failure. The beginning of 1984 saw eight-mm video introduced at the Winter Consumer Electronics Show, and as the 1985 WCES approaches, the jury is still out on that product.

In short supply and still something of a novelty, eight-mm video is at this stage simply confusing to the public and a question mark to dealers. Only time will tell.

CD boosts sales

The passage of time will also test the current revitalization of home audio. The compact disc has certainly had quite a bit to do with rejuvenating the audio market, as prices for CD players have dropped below \$400 and software has become far more readily available and less expensive. New units include features that a year ago would cost \$1,000 and are now half that price.

Everyone may not be ready to buy a CD player, but curiosity is bringing more than just the hard-core audiophiles into audio stores for the first time in years. And while they're there, people are thinking about upgrading that old receiver or looking at those linear tracking turntables.

Again, this hasn't been going on for a long enough period of time for the audio business to let out its breath yet, but another year of such activity would certainly be a step in the right direction.

In other areas:

Car CD's are also something of an untested property, with units hitting the market just in time for the gift-giving season, and so far priced higher than the average in-dash radio-cassette unit. Although CD offers dynamic range that may attract some first-time autosound enthusiasts (like classical music listeners), whether or not the format will prove adaptable to the habits of a cassette veteran has yet to be seen.

Autosound in general had a solid 1984. The large market increases that were the norm for car stereo a few years ago have diminished to steady percentage boosts, but the industry is mature and healthy. Other car electronics (chiefly auto security devices) continue to grow in importance, and are themselves stabilizing as industries.

Blank videotape saw the entrance of both Kodak and Polaroid into the market, helping mass merchandise outlets further boost their share of the business.

As for next year, we should see some interesting developments from the start, especially with low-end VCR's on their way from Korean and Taiwanese suppliers once JVC's licensing restrictions expire.

Products begin on page 21

MERCHANDISING

TRENDINGS IN COMPUTERS/'84 IN REVIEW

It was another trial period for home computers in '84

The year of 1984 has to be considered another trial period along the road of making computers mass market items. Home sales have not progressed the way many predicted and all would have liked.

For the industry overall, Future Computing lowered its yearly sales estimates by one million units; now the total amount of home units sold this year is expected to be 5.5 million. That figure is up only 10 percent over 1983 sales.

Want more? Fellow research firm, Talmis, Inc., predicts fourth-quarter sales of 2.4 million home computer units, which is down from three million a year ago.

To look at what went wrong, one should examine the group whose actions turn the entire industry: the consumer. After tiring of hearing about how a home computer will turn their kids into geniuses overnight, parents became more cautious and less susceptible to the claims of manufacturers who tout their product as a cure-all for Johnny's educational problems.

Meanwhile, the game boom that attracted many families to a home computer died, leaving many a discarded low-end unit in its wake. A newer, stronger market should then logically exist, consisting of people looking to upgrade their old systems with a Commodore Plus 4, Coleco Adam or even an IBM PCjr.

But that sales thrust didn't happen during 1984, and many industry watchers say it may not next year. Until the home computer fills a definite need for the average user, it will never become a consistent mass market item along the lines of, say, a VCR.

Who's on first

This year's struggle at the low-end still sees Atari, Coleco and Commodore vying for market share, with everybody conceding the best-seller title to Commodore.

In becoming the king of the low-end models Commodore had help from its competitors. The big news of early summer occurred when Warner Communications finally admitted defeat and sold its Atari division to a company headed by Jack Tramiel. With the former president of Commodore back in the home computer business, watchers figure Atari might give Commodore a run in the fourth quarter. It turns out that the best laid plans of Mr. Tramiel might be in danger of going astray.

At least four creditors have sued Atari to recover their claims resulting from contracts they say Atari hasn't honored. Press reports have reported on Tramiel's alleged troubles in collecting \$300 million in receivables he acquired from Warner. No cash, no new products, and so Atari hasn't introduced anything of note this year.

Things in West Hartford, CT, weren't exactly all roses either. The year started with many Wall Street investors down on Coleco, mainly because the company's Adam package did not sell well. The revamped Adam has met with better reviews, but sales haven't been strong enough to keep industry doomsayers off Coleco's back. The company's recent decision to

end a printer contract with the Japanese firm that supplies the units for its Adam package has caused analysts to view the decision as an indication that Coleco is getting ready to follow Texas Instruments and become the next shakeout victim. Coleco has said that it is in the home computer business to stay.

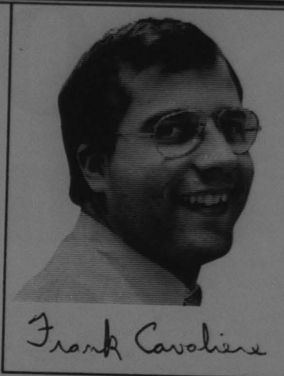
IBM is OK

For IBM, 1984 was less of a disaster in the home market. After the much-publicized problems with its PCjr,

which was criticized for its small keyboard with hard rubber keys and limited internal memory, Big Blue is saying that fourth-quarter sales are strong.

Apple threw its considerable weight behind the latest addition to its II series line, the IIc portable computer. With a price originally pegged at the \$1,295 mark, the IIc was a direct competitor to the PCjr. All indications have the IIc on top.

Will the road get lonelier, with still more companies dropping from the home computer field? Will the market continue to get away from the mass merchandisers? Next year should provide us with some interesting answers to some perplexing problems.



Frank Cavaliere

Here's one way we specialize...

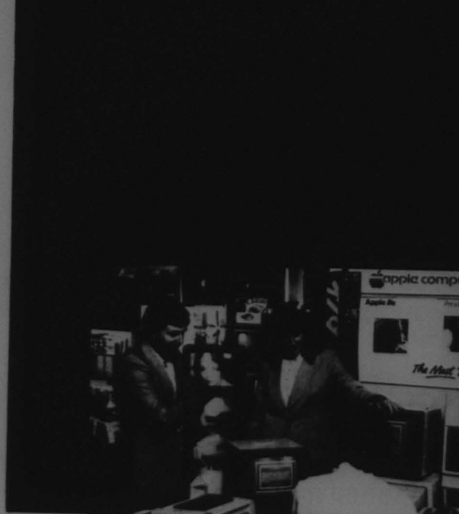
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MERCHANDISING

Retailers predict that VCR's, refrigerators, microwave cookware will lead sales in '85

By Lee Rath, editor

NEW YORK—Where's the action going to be in 1985? What products do retailers of consumer electronics, major appliances and housewares think are going to top the list in terms of sales and profitability?

That's what *Merchandising* set out to determine in its latest Retail Opinion File, Action Forecast '85. And the winners are:

Consumer Electronics: VCR's, televisions, home stereo equipment, video cameras and car stereos lead the pack in the popularity race.

Major Appliances: Refrigerators, microwave ovens and clothes washers take the lead.

Housewares: Here, microwave cookware, vacuum cleaners, drip coffee makers, gas grills and metal cookware head the chart.

When looking at the tables on these two pages, it's important to remember that the first in each column is really a popularity contest. It shows what

the dealers polled in terms of profitability — which ones are the real winners when it comes to earning a living.

This is true for consumer electronics, major appliances and housewares.

VCR most popular

To no one's surprise, the VCR was the most popular product among all of the consumer electronics retailers polled, with 73.5 percent of them listing it among the expected top five generators of increased dollar volume for 1985. It was followed fairly closely by the television.

After that, however, it was a long way back to the third most popular product, home stereo equipment, even though that category was given a push by the expected popularity of the compact disc player next year.

Although blank videocassettes came in seventh in terms of popularity among all of the retailers, they showed up first among those who carry the product, expected to register an average 44.5 percent increase in dollar volume next year. Next came prerecorded videocassettes, expected to generate a 42.5 percent increase for those who sell them.

Obviously, these two items are riding high on the wave of success created by the VCR, and can be expected to continue showing sizable increases over the next few years as the hardware population continues to grow.

Televisions came in first when the retailers were asked to tell what product they expect to generate the greatest dollar profit in 1985. Nothing else even came close.

It just goes to show that popularity and profitability do not necessarily go hand in hand in the world of consumer electronics. Take the case of the VCR. Although it ranks as the most popular product among all retailers and is expected to generate an average increase in dollar volume of 39.2 percent among those dealers who carry the product, only 18.9 percent said they thought it would produce the greatest dollar profit in 1985.

Optimistic as a whole, the consumer

however, followed closely by the microwave oven.

Although few retailers picked the air conditioner as a producer of big volume increases in 1985, those who do carry the product think it's going to do very well, predicting that the category will turn in an average 34 percent increase in dollar volume, the largest of any product.

The microwave oven, buffeted by competition, is expected to show a 17.5 percent increase in dollar volume at stores offering the category.

Consumer Electronics

Consumer electronics products expected to generate the greatest increase in dollar volume in 1985 (Based on 113 replies)

	Percent of respondents listing product in Top 5
1. Videocassette Recorders	73.5%
2. Televisions	62.8
3. Home Stereo Equipment	31.9
4. Video Cameras	21.2
5. Car Stereos	18.6
6. Projection Televisions	17.7
7. Blank Videocassettes	13.3
8. Portable Audio Equipment	12.4
9-10. Prerecorded Videocassettes	10.6
11. Telephones	10.6
12. Computers	8.9
12. Computer Software	3.5

Expected increase in dollar volume for 1985 vs. 1984*

	Number of replies	Average expected % of increase '85 vs. '84
Videocassette Recorders	51	39.2%
Televisions	44	18.8
Home Stereo Equipment	20	16.4
Video Cameras	20	40.2
Car Stereos	18	20.0
Projection Televisions	14	24.6
Blank Videocassettes	10	44.5
Portable Audio Equipment	11	22.5
Prerecorded Videocassettes	8	42.5
Telephones	7	33.6

*Only retailers that carry the product are included in this question

Consumer electronics products expected to generate the greatest dollar profit in 1985 (Based on 122 replies)

	Percent of respondents listing product
Televisions	45.1%
Videocassette Recorders	18.9
Home Stereo Equipment	9.8
Car Stereos	8.2
Satellite Earth Stations*	5.7
Projection Televisions	4.1
Portable Audio Equipment	3.3
Telephones	3.3
Video Cameras	3.3
Prerecorded Videocassettes	2.5
Blank Videocassettes	1.6
Computers	1.6

*Not listed on questionnaire

Expected dollar increase in total consumer electronics products sales in 1985 vs. 1984 (Based on 97 replies)

Average increase expected	22.2%
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portion of the retailers polled listed each particular product among the top few items expected to generate the greatest increase in dollar volume next year.

The second table illustrates what kind of increase the dealers who carry each product expect it will yield in 1985.

Finally, the third shows which products are the most popular among

How we did it

Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and Matea Esguerra, research associate. Data was gathered from two groups of retailers: one selling consumer electronics and major appliances and one selling housewares.

On the consumer electronics and major appliances side, 56.9 percent of the 1985 retailers polled described themselves as household appliance stores. Some 34.4 percent said they were radio/TV stores, 20.5 percent were video specialty stores, 15.4 percent were audio/hifi specialty stores, 4.6 percent were housewares/hardware stores, 2.6 percent were discount stores, 1.0 percent were department stores and 1.0 percent described themselves as home and auto stores. They represented a total of 543 retail outlets.

Most of the stores, 82.6 percent, were single-unit companies with the remaining 17.4 percent representing units of chain operations. Expected sales volume for 1984 hit a median of \$456,250.

Among the 127 housewares retailers polled, 65.3 percent said they were housewares/hardware stores. Another 18.9 percent said they were department stores, 4.7 percent were discount stores, 3.1 percent were household appliance stores, 2.4 percent were radio/TV stores, 2.4 percent were home center, 0.8 percent were catalog showrooms and 2.4 percent fell in other categories. They represented a total of 3,502 retail outlets.

Again, most of the stores, 75.6 percent, were single-unit companies. However, of the 24.4 percent that were part of a larger operation, four represented chains of 300 units or more. Expected sales volume for 1984 hit a median of \$787,750.

In both cases, retailers were polled on a nationwide basis.

Tough times may brighten for diehard computer dealers

By Frank Canaliere, associate editor

NEW YORK—The going got tough for many retailers selling computers and related peripherals and software in 1984, but for those that remained in the category, better times may be ahead.

That's one of the findings from Merchandising's latest Retail Opinion File. Of the 139 retailers who responded to the questionnaire, we found that some wrote off 1984 as an off year for computer merchandising. But after proving their staying power by continuing to sell the units and related products this year, many of those retailers indicated they expect next year to be an improvement.

No matter what's happened in the past, every type of store surveyed expects to beef up its computer commitment in '85.

Of the 95 operations that categorized themselves as electronics stores, 30.5 percent said they carried computers in 1984, up from the 24.1 percent that said they sold the units the previous year. And despite the recent tough selling atmosphere, more of these electronics retailers, 39 percent, said they would merchandise the units next year.

Looking at household appliance stores, only 8.3 percent of the 60 respondents carried computers in '84, down from 18.3 the previous year. But 15 percent of those asked said they plan to carry computers next year.

For mass merchandise outlets, the findings showed a similar curve. Of the 17 respondents, 70.6 percent carried computers back in the headier days of 1983. That figure dropped to 41.2 percent this year. But the shake-out in mass merchandiser stores, apparently, has stopped, and the figure for next year remains steady at 41.2 percent.

Why are certain retailers so unwilling to throw in the towel regarding computers? They seem to expect their experience through the difficult times will benefit them when the selling environment gets better. And they hope that will occur in 1985.

Trading up

Another change is being felt as retailers continue to emphasize more expensive computers.

A look at the survey supports this. Of the 62 respondents who answered our question asking them to list their best-selling model for 1983, 22.6 percent named the Commodore 64. In second place were various Radio Shack units, with 21 percent of the total. Apple had a 12.9 percent response, followed by Atari with 9.7 percent. IBM was in the seventh spot with 3.2 percent of the total.

But the trend toward emphasizing higher-end units started this year when only 17.3 percent of 58 replies listed the Commodore 64 as their best-selling computer and the Radio Shack units outpaced the low-end leader

in 1985.

A similar downward line is found when looking at Atari. In 1983, 23.6 percent of those queried said they sold Atari computers. In 1984, 21.2 percent said they did, and next year the figure is expected to drop all the way to 6.9 percent.

But the two leading higher-end companies, Apple and IBM, will experience a corresponding increase. Of the respondents questioned, 13.9 percent of them said they carried Apple product in 1983. That figure increased to 18.2 percent this year and will be higher again in 1985, with expected growth to 19 percent. IBM followed Apple's lead by going from a 6.9 percent figure in 1983 to 12.1 percent this year and a projected 15.5 percent figure next year.

The survey also asked retailers to list their average gross profit margins

(Continued on page 27)

Percent of stores carrying computers in 1983, 1984 and expected in 1985

(Number of replies)	Total Stores	Electronics Stores	Computer Specialty	Household Appliance	Mass Merchandise
Expected in '85	(199)	(85)	(27)	(60)	(17)
Carried in '84	40.2%	39.0%	100.0%	15.0%	41.2%
Carried in '83	34.2%	30.5%	100.0%	8.3%	70.6%
	45.2	24.1	100.0	18.3	41.2

Computer brands carried (one or more models) in 1983, 1984 and expected in 1985

(Number of replies)	1983	1984	1985
Commodore	(72)	(66)	(68)
Atari	31.9%	22.7%	17.2%
Radio Shack	23.6	21.2	6.9
Apple	22.2	24.2	27.6
IBM	13.9	18.2	19.0
Epson	6.9	12.1	15.5
Sinclair (Timex)	6.9	9.1	6.9
Zenith	4.6	4.6	1.7
Texas Instruments	5.6	7.6	8.6
Hewlett-Packard	5.6	1.5	1.7
Televideo	2.8	4.6	5.2
Sanyo	2.8	6.1	5.2
Chameleoon	4.6	4.6	5.2
Kaypro	2.8	3.0	3.5
	2.8	3.0	3.5

Some 23 other brands, including Leading Edge, Eagle, Compaq, Sharp, Col-eo and NEC, were listed by one, two or three other dealers.

Comparison of current statistics on selected popular computer models

	Average Retail Price	Average Gross Profit Margin
Apple IIc	\$1,278	10.3
Atari 800XL	\$230	8.6
Commodore 64	\$206	28.0
IBM PC	\$2,846	24.6
TRS-80 Color	\$2,421	26.7
Epson QX-10	\$2,421	27.5
Kaypro	\$1,445	

Which of the following best describes your store(s)?

(Based on 139 replies)

	Number of replies	Percent of response
Electronics store	56	47.7%
Household appliance store	60	30.2
Computer specialty store	27	13.6
Mass merchandiser	17	8.5
Total	139	100.0%

Who did it

Statistical matter for this survey was collected and compiled by Selma Book, market research manager, and Pat Jagdandhansingh, research associate.

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Computer saturation is still only 3% in Japan due to a lack of need, poor merchandising

By Frank Cavaliere, associate editor

TOKYO—Although the Japanese have a well-documented fascination for consumer electronics products, the home computer has become something of a stepchild in a nation that boasts record saturation levels of more conventional items such as stereo equipment.

The basic reason: There's simply no need for a computer in most Japanese homes, according to officials of Epson Corp., which recently led a group of editors on a tour of its Japanese production facilities.

Then too, there's the fact that computer retailing has not been popularized in Japan to the degree that it has in the U.S. Few department stores or other general merchandise outlets merchandise the products, leaving interested consumers to brave the often frightening prospect of visiting a computer specialty store.

In the U.S. market, where computers can be purchased in everything from toy stores to specialty outlets, Epson is currently fine-tuning its offerings to meet domestic demands. Its moves, however, do not portend entry into the home computer market, at least not yet, the company said.

When Epson does approach the home user, it will probably be via a portable product, according to one official who sees smaller, full-powered computers as the "fourth revolution" in the industry.

Saturation remains low

While Americans usually view their Japanese counterparts as having the latest of everything, from pocket-sized tape recorders to televisions with stereo sound, the impression is somewhat misleading. Especially in computers.

A recent survey showed that only three percent of Japanese households currently own a home computer. American households, on the other hand, have a 10 percent penetration rate according to most market research results.

Why do Americans seemingly have an edge in home computer ownership despite the legendary Japanese penchant for the latest in consumer electronics continues unabated?

"There is really no definite need for

a home computer in Japan right now," replied Susumu Aizawa, Epson's senior managing director and representative director, through an interpreter. "But some teenagers now are using them in school, so the time will come when more people will have computers."

The three percent of computerized households are drawn from a group ranging from middle managers who bring work home with them (although Japanese usually work long office hours, so working at home is not as prevalent as in the United States) to school children.

Another stumbling block preventing the home computer from achieving widespread popularity is rooted in the Japanese language, one of the most difficult on earth. Unlike English, which relies on 26 characters, the Japanese have 4,000 Kanji, or Chinese characters to deal with, in addition to the katakana (Japanese phonetic characters) and hiragana (a variation of katakana). All of these combine to present a dizzying problem to anyone trying to market a functional keyboard.

And MSX, the standardized disc operating system which has yet to make its U.S. debut, is not boosting sales all that much in Japan. In general, the people view MSX machines as primarily game-playing devices, said Aizawa.

Perhaps another factor in the low rate of saturation is that few department stores or other general merchandise stores in Japan offer computers for sale. Instead, the Japanese rely on computer specialty stores, including some ComputerLand franchises.

In addition, computers are sold direct by the manufacturer. Epson, for example, operates some 3,000 specialty computer shops in Japan, according to Aizawa, 50 percent of which are "active," or open to the general public. The rest are either experimental units or open only to a special part of the marketplace.

But change is coming. "General merchandise stores are starting to get into the personal computer market as more people become interested in the product," noted Aizawa.

Computers a hard sell

Like many of its American counterparts, Epson (which stands for "son of electronic printer") is currently trying to decide which part of the U.S. market would be best to pursue. Aizawa said that while Japanese companies have enjoyed phenomenal success selling everything from VCR's to miniature personal portable radios in the U.S., computers present unique problems.

Epson knows well the difficulties. The division, the youngest of the Seiko group, Epson's parent company, has been selling two personal computers in the U.S., and has received a fairly tepid response. Both the company's QX-10 and the forerunner of Epson's new Geneva, the HX-20, fared poorly when introduced. But now, Aizawa said, the company is hoping new improved versions will be successes.

Epson president Tsuneya Nakamura said both his company and his competitors have been hurt by the success of Apple and IBM, with both American firms capitalizing on

Japanese mistakes. One of those miscalculations involved not investing in American software programs, as did their American counterparts, noted Aizawa.

No plans for home unit

With its U.S. computers aimed primarily at businesses and students, Epson has no immediate plans to introduce a true home computer to the market.

"It is very difficult to tell when we will have such a computer in America," said Aizawa. He made clear, however, that when such a unit is unveiled, it will not be in the low-end Commodore, Coleco and Atari market.

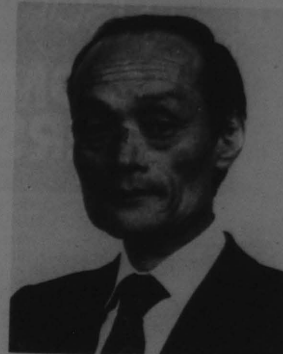
Rather, it will be the next generation of portable units, an area which Epson considers a prime opportunity for future growth.

Aizawa said at least part of the current strategy is to transfer the technology of Epson's very powerful desktop units to such a portable machine.

Aizawa termed this blending of desktop and portable technology a "fourth revolution," following the advent of the mainframe, the mini and the personal computer. "If we could pack a computer with the same architecture as today's professional personal models into a briefcase, this would indeed be a fourth revolution," he stated.

While president Nakamura said Epson is committed to both the portable and personal computer markets, Aizawa noted that there is serious industry debate over whether the portables can win a significant market share, or are inherently limited to small, specialized market segments.

Which way will the market go? "Fast-moving technological developments and increasing user sophistication make a definitive answer impossible," Aizawa noted. But, he said, "if portables do represent the fourth revolution, Epson will play an important role."



GENERAL MERCHANDISE stores are starting to carry home computers in Japan as more people become interested in the product, according to Susumu Aizawa, senior managing and representative director, Epson.

Will computers sell in Japanese malls?

TOKYO—Although most Japanese department stores do not now carry computers, if and when they start, the product should fit in well among the high-tech glitter of operations such as Hankyu and Seibu. Both, located on or near the Ginza, Japan's most famous central business and shopping district, have earned a reputation for electronic gadgetry at all levels.

In Hankyu, for instance, customers can summon up a display on a videotex screen showing what departments are on which floors. By pushing the part of the screen showing the section they're interested in, shoppers can receive a more detailed description of that particular department.

Even the escalators feature overhead monitors showing scenes of waves breaking on a beach or flowers in a wind-blown meadow to soothe the savage shopper.

—FC

Profit margins on Commodore 64 average 8.6%

(Continued from page 26)

for computer models carried in 1983, 1984 and expected 1985, and here the results carried out the contention that the higher-end models gave retailers fewer headaches and more profits.

In 1983, retailers questioned carved out an average profit margin of 11 percent on the Commodore 64. In 1984, that figure dropped further, to an average of 8.6 percent. Atari also had to be discounted to move off the retailers' shelves, as the 800XL model had an average gross profit margin of 22.6 percent in 1983 and less than half that, 10.3 percent, this year.

For Apple and IBM, the results were again more encouraging.

In 1983, retailers made an average of 32 percent profit on an Apple IIe. The figure dropped slightly to 27.2 percent this year, and retailers expected to make an average of 27.5 percent gross profit margin in 1985. The Apple IIc, which was not introduced until earlier this year, had a 28.4 percent average gross profit margin this year, and retailers expect that figure actually to rise to 30 percent in 1985.

For IBM's PCjr, the average gross profit margin was 26 percent this year. In 1985, retailers expect to make even more money on the product, to the tune of 29.3 percent.

All of this evidence suggests that consumers who shop for higher-ticket computers in the \$1,500-and-above range are less price conscious than shoppers for Commodore, Coleco and Atari units. One of the possible reasons is that these consumers are more concerned with features than sticker price.

Also, the higher-end market has not been as volatile as the low-end part of the computer business. Apple and IBM, the two acknowledged leaders, do compete, but their rivalry has not caused prices to drop to the same extent as those for the Commodore 64 and Atari 800XL.

The chart on page 26 supports this supposition. Where Commodore and Atari products yielded slim profit margins, Apple, IBM, Epson and Kaypro products all had average gross profit margins of above 24 percent. And none of the latter were priced less than \$1,278.



JAPANESE MISTAKES like not investing in American software firms have worked against Epson and benefited firms such as IBM, contends Epson president Tsuneya Nakamura.

NEWSLINES COM- PUTERS

WEST HARTFORD, CT—Coleco has dropped the price of the Adam. The low-end computer manufacturer lowered the wholesale price of the machine to \$475, down from \$650. The move caused rumors that Coleco was ready to follow the path of Texas Instruments, among other companies, and abandon the low-end market. Coleco officials have denied such a scenario. The price cut would not actually cost the company \$175 a unit. Coleco said it planned to continue to charge \$650, but to give retailers \$175 worth of software free.

NEW YORK—Harper & Row is the latest victim of the computer software and book shakeout. According to a November 2 Wall Street Journal article, the New York publishing firm will end its 18-month-old division that markets books and software for home and personal computers. President and chief executive officer Brooks Thomas said Harper & Row plans to sell some of the division's assets, though he did not disclose possible buyers.

NEW YORK—A new computer book division has been created by Doubleday. The publishing giant has spawned Quantum, which is "dedicated to publishing books that already are, or are destined to become classics," according to the firm.

Among Quantum's initial releases are The Computer Cookbook by William Bates, The Whole Earth Software Catalog by Steward Brand and the Point Foundation and Personal Computers and the Disabled by Peter McWilliams.

CHICAGO—Now 500 recipe references from five best-selling cookbooks can be easily tracked on a computer by using East Hampton Industries A>Cook which is compatible with the IBM PC, PC jr, and PC/XT systems. The diskette includes recipe references from 90 categories from the following cookbooks: Joy of Cooking, The New York Times Cookbook, The New James Beard, Mastering the Art of French Cooking Vol. I and M. Heatter's New Book of Great Desserts.

The software also allows the user to file away 200 of his own favorite recipes, according to servings for each recipe from one to 99," she said.

In addition, recipes can also be printed out for kitchen use or to give to a friend, she noted. A combined shopping list of ingredients needed for a complete menu can also be obtained by using the A>Cook.

CARLSTADT, NJ—Deijon has moved its headquarters to Carlstadt, NJ. The 10-year-old company which produces merchandising displays for software and compact discs is now occupying 66,000 sq. ft. of space. In its previous East Rutherford, NJ location Deijon had 23,000 sq. ft. of space. A 30 percent sales increase accounted for the move, according to company executive vice president, sales and marketing, Diane Sansevere.

SAN RAFAEL, CA—Broderbund and Wico have embarked on a joint holiday promotion. The software and peripheral companies have announced the creation of the "Holiday Bonus," which gives consumers a Broderbund game for free when they buy selected Broderbund and Wico products.

To become eligible for a free game, consumers must first buy any Broderbund game plus one of the four Wico Computer Command products: Apple analog joystick, IBM analog joystick, grip handle joystick or the Apple expander port. When consumers mail in the product's box tops plus a special coupon enclosed in the boxes, they will receive their choice of one of six Broderbund games: David's Midnight Magic; Operation Whirlwind; Drol, Spare Change; Gumball and A.E. Coupons must be postmarked no later than February 15, 1986.

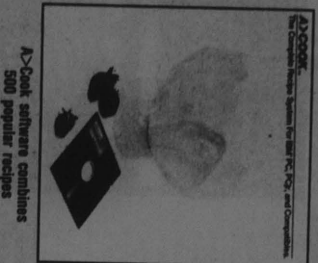
DALLAS—By the end of 1985, 16 percent of U.S. households will own home computers. That is among the findings revealed in Future Computing's Consumers & Computers 84, a compilation of telephone interviews of home computer buyers in the 30 largest U.S. markets.

In general, the survey states, computer owners have high incomes, are well educated and work in a professional or technical occupation. They are typically married, between the ages of 30 and 39, and have two or three children between the ages of six and 15. Owners in the home group typically have a Commodore, Atari or similar brand with a memory of 64K or less. They normally spend less than \$600 for their computer.

The "straddlers," or the group between the home and office/home owners, usually have an Apple II, TRS-80 or IBM PCjr unit, with memories ranging from 64K to 128K. Their initial hardware investment, including purchases of peripherals, was about \$1,650.

The last group the survey discussed was the office/home computer owner. The group typically paid \$3,500 to \$4,000 for such models as the IBM PC, the Apple III or the Macintosh, or other brands such as Kaypro or Epson. These units usually have 128K or more memory.

MANAGEMENT MOVES—Frederick Newell was appointed national sales manager of the Simon & Schuster Electronic Publishing Group. Newell was previously sales manager of Activision in similar capacities. Elsewhere at Simon & Schuster, Daniel Oehlman, Alan Shapiro and Barbara Stewart were each named vice president, senior editor to the software division ... Activision has promoted Ralph Giffre to vice president, marketing. He was previously director, marketing services since joining the firm in 1983. The company also announced that Thomas Lopez, senior vice president of editorial development, is leaving Activision to form his own business ... Garner Lester has been named vice president of sales for Meca. In the newly created position, Lester will be responsible for coordinating sales reps and distributors to promote Meca products ... Coleco has appointed Judith Smith vice president, customer service ... Kyle Willis, who recently joined officer of the company ... CBS Software has filled eight newly created marketing and sales executive positions. The appointments are: Richard Stimmel, director, international marketing; Patricia Armstrong, director, marketing; Dyne Pollack, director, marketing; Kathleen McGowan, director, public relations; Kathleen Aird, director, retail service; Thomas Coughlan, area manager, east; Judy Goodell, area manager, west; and Sandra Wahl, area manager, central... Olive Smith has resigned his position as chief analyst and director of the home of the future division of The Yankee Group, a company spokesperson said last month. He has joined Commodore in a key marketing position, according to the spokesperson, who asked not to be identified. Another Yankee Group employee said she believed Smith will be the vice president in charge of strategic planning. Smith was not available for comment at press time.



A>Cook software combines 500 popular recipes



Future Computing releases consumer marketing survey

NEW RELEASES IN SOFTWARE

COMPUTERS

GAMES

BEYOND CASTLE WOLFENSTEIN, Muse. Atari series-compatible. Available now. Suggested retail \$34.95.

CONAN, Datasoft. Atari series-, IBM PC-, IBM PCjr-, Apple series- and Commodore 64-compatible. Available now. Suggested retail \$39.95.

HACK AND SLASH, Dynacomp. Atari-series compatible. Available now. Suggested retail \$19.95.

HANDICAPPER II, Dynacomp. Atari series-, Apple series- and Coleco Adam-compatible. Available now. Suggested retail \$53.95.

LOST TOMB, Datasoft. Commodore 64-, Atari series-, Apple II series-, IBM PC- and IBM PCjr-compatible. Available now. Suggested retail \$34.95.

MANCOPIER, Datasoft. Commodore 64-compatible. Available now. Suggested retail \$34.95.

MONKEY ACADEMY, Coleco. Coleco Adam-compatible. Available now. MR. DO!, Datasoft. Atari series-, Apple series-, IBM PC-, IBM PCjr- and Commodore 64-compatible. Available now. Suggested retail \$39.95.

COMPUTER PRODUCTS

EDUCATIONAL

ONE COURT TENNIS, Gamemat. Commodore 64-compatible. Available now.

PITSTOP II, Epyx. Commodore 64-compatible. Available now. Suggested retail \$29.95.

PROFESSIONAL CLASS GOLF, Dynacomp. Apple II series-compatible. Available now. Suggested retail \$29.95.

ROBOT ODYSSEY I, The Learning Company. Apple IIc-, IIe- and II+-compatible. Available now. Suggested retail \$49.95.

SCRABBLE, Epyx. Commodore 64-compatible. Available now. Suggested retail \$29.95.

WACKY WORD GAMES, Coleco. Coleco Adam-compatible. Available now.

AUCTION, Dynacomp. Apple series-compatible. Available now. Suggested retail \$69.95.

AUTO 64 DIRECTORY, Dynacomp. Commodore 64-compatible. Available now. Suggested retail \$29.95.

CHARLIE BROWN'S ABC'S, Random House. Commodore 64-compatible. Available now. Suggested retail \$39.95.

CHILD'S PLAY I, Dynacomp. Apple series-compatible. Available now.

Suggested retail \$19.95

COMPUBRIDGE, Artworx. Apple II series-, Commodore 64- and Atari 48K series-compatible. Available now. Suggested retail \$24.95.

LETTER WIZARD, Datasoft. Apple series-, Atari series- and Commodore 64-compatible. Available now. Suggested retail \$14.95.



MAXTHINK, Mathink. IBM PC-compatible. Available now. Suggested retail \$60.

MOUTH-CHAM, Dynacomp. Atari series-compatible. Available now. Suggested retail \$19.95.

PARAFIT II, Dynacomp. IBM PC-compatible. Available now. Suggested retail \$99.95.

PEANUTS MAZE MARATHON, Random House. Commodore 64-compatible. Available now. Suggested retail \$29.95.

PERSONAL FINANCE

ed retail \$39.95.

RHYMES WITH!, Kidsware! Apple II series-compatible. Available now. Suggested retail \$35.

RICHARD SCARY'S BEST ELECTRONIC WORD BOOK EVER, Coleco. Coleco Adam-compatible. Available now.

SNOOPY'S SKYWRITER SCRAMBLER, Random House. Commodore 64-compatible. Available now. Suggested retail \$39.95.

SNOOPY TO THE RESCUE, Random House. Commodore 64-compatible. Available now. Suggested retail \$39.95.

SPELL-A-VISION, Cross. Apple II series-, Commodore 64- and IBM PC-compatible. Available now. Suggested retail \$19.95.

SPELL WORDS!, Kidsware! Apple II series-compatible. Available now. Suggested retail \$35.

U.S. ADVENTURE, First Star. Commodore 64-, Atari series-, Apple II series-, IBM PC- and IBM PCjr-compatible. Available now.

PORTFOLIO STATUS, Dynacomp. IBM PC-compatible. Available now. Suggested retail \$29.95.

Smith-Corona printer joins automation and affordability

NEW CANAAN, CT—Smith-Corona's new dot matrix printer, the Fastext-80, combines the automation of an impact printer with affordability.

Priced at \$259 suggested retail, the Fastext-80 runs at 80 CPS and has an 80-character print line at 10 characters per inch. It offers six different pitches; pica-sized 10 characters per inch (CPI), elite-sized 12 CPI, condensed 16.7 CPI and enlarged at five, six or 8.3 CPI. Its character matrix is 9H X 8V (standard) and 10H X 8V (elongated). Horizontal resolution measures 60 and 72 dots per inch; vertical resolution is 72 dots per inch.

Fastext-80 uses a compact drop-in ribbon that yields one million characters before needing replacement. Other features include: bidirectional printing, standard Centronics parallel

interface for compatibility with most home computers, friction feed and a self-test switch.

Optional accessories include a removable tractor feed that adjusts to accept forms ranging from three to 10 1/4 in. wide.

Smith-Corona, 65 Locust Ave., M. New Canaan, CT 06840.



Smith-Corona Fastext 80

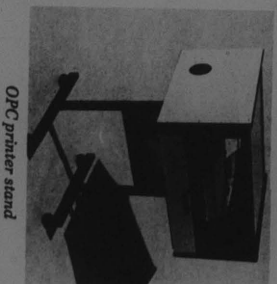
a 20-in., by 24-in. connecting leaf. All tops are 3/4-in. walnut wood-grain scratch-resistant plastic and the units come standard with glides and optional casters. Suggested list prices start at \$327.

Royal Seating Corp., P.O. Box 753, M. Cameron, TX 76520.

Display rack can hold 5 1/4-inch computer disks

WHEELING, IL—ACCO International has produced a counter-top-sized diskette display rack for 5 1/4-in. diskettes which can be displayed on counters or shelves. The product occupies 23 in. of shelf space, according to the manufacturer.

ACCO International, Inc., 770 S. Arco Plaza, M. Wheeling, IL 60090.



OPC printer stand

Waveform unveils ColorTone keyboard

BERKELEY, CA—A two-octave, touch-sensitive membrane keyboard that lets beginners play music in correct keys and tempos, choose different instrument sounds and play along with pre-programmed melodies, has been introduced by Waveform.

The unit is called the ColorTone keyboard, and consists of a touch-sensitive membrane keyboard with 25 piano-like keys, a touch strip that performs as a musical harp and 14 function keys. A person makes selections with the help of color pictures describing the use of each function key. Driven by the keyboard's accompanying software, the function keys let a person choose among eight different instrument sounds; play along

OPC introduces new printer stand

CANOGA PARK, CA—The OPC Corp. announced the release of the UPS printer stand. The company said it is designed to fit most printers on the market today. Model UPS comes with a black finish and leveling guides. Optional casters and table top are available. The unit retails for \$99.95.

The OPC Corp., 21107 Vanowen St., M. Canoga Park, CA 91303.

Waveform unveils ColorTone keyboard

with 12 different pre-set background songs; select one of 12 musical scales to play in harmony with the background accompaniment; and create compositions for later playback. The unit retails for \$79.95.

Waveform Corp., 1912 Bonita Way, M. Berkeley, CA 94704.



Waveform ColorTone keyboard

Acoustical foam scatterers, absorbs printer sounds

LAKEVILLE, MN—Viking Acoustical Corp. is using acoustic foam called Sonex, which the company claimed scatters, deflects and absorbs sound coming from better quality and matrix printers.

Viking Acoustical, Airtake Industrial Park, M. Lakeville, MN 55044.



Royal series 5800

Computer furniture has optional casters, glides

CAMERON, TX—Royal Seating Corp. has introduced the model 5800 series computer furniture for the IBM PC and IBM PCjr. The series includes a 24-in., by 26-in., by 27-in. frame with

faults, future

With that in mind, editor Lee Rath and I spent a few hours in his home attempting to unlock the mysteries of "home rooking," to use a variation of a well-known phrase.

What does it do?

After exclamations of "it's cute!" possibly the most often heard comment concerning the unit was "What does the do?"

Jr. has definite drawbacks. He does not have an arm, so lifting an object is impossible.

Bringing you a beer while you watch the evening news is, for example, beyond his range of skills. The robot also does not recognize or obey voice commands, but must be electronically instructed through punching a series of commands into a control

Bringing you a beer while you watch the evening news is, for example, beyond his range of skills. The robot also does not recognize or obey voice commands, but must be electronically instructed through punching a series of commands into a control board on his top.

So with useful tasks like cleaning and beverage retrieval beyond Hero Jr.'s capability, the robot is primarily designed for entertainment. And that function begins as soon as you remove him from the box. Once you negotiate

what little programming is needed to begin operating Hero Jr., the options available to the user rapidly increase. For instance, once you have him on the floor (preferably wood, though he can operate on low-pile carpeting) and push the introductory commands, the robot will tentatively introduce himself with the phrase "I am Hero Jr., your personal robot. I am your friend, companion and security guard."

His English is understandable once the user becomes familiar with the robot's tone and cadence.

Once we read the booklet describing the additional uses of Hero Jr., pro-

(Continued on page 33)

(Continued on page 33)

After exclamations of "it's cute," possibly the most often heard comment concerning the unit was "What does he do?"

To be truthful, the answer is not much in the way of useful tasks. Hero

While there are no figures on how many residences have home robots, the four major American robot manufacturers say that fewer than 10,000 have been delivered. Heath

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less than square feet of counter space, the new merchandiser is packed with 4 of our most popular, quality printing calculators. Each is fixed in the display for security, yet allows the customer to try each one to make selection easy. How successful is 17? It has the potential to double printing calculator sales in stores using it. And, it is only available from

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Only Aurora offers you a modular two-foot planogram featuring a broad range of calculators, including our new, patented Night and Day™ calculators in all the most popular and fast moving styles. In both cases, product density assures the greatest profit possible in the least amount of valuable display space.

amount of valuable display space.

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While entertaining, today's robots still offer little utility

(Continued from page 31)

gramming him became fairly straightforward. Various buttons can make the robot sing, play games, tell nursery rhymes and recite poems. Our particular Hero Jr. was partial to singing Old MacDonald Had a Farm.

Heath bills the robot as having a personality. And he does possess certain unique characteristics.

For example, the user can program Hero Jr. to emphasize any one of six separate traits—such as song singing, speaking English phrases, playing games, exploring its environment while seeking human contact, talking in "Roblish" and telling nursery rhymes and poems—in a random program. So, for example, if the user were to have a party, he could program the robot for the speaking English phrases mode and Hero Jr. would spend a large part of his time saying things like "Hello, how are you" and "I think I'm in love."

As if that weren't enough, the robot can act on its own since each Hero Jr. comes preprogrammed to specific traits and will act without help from the user.

After programming the robot, it was time to let him explore his surroundings. Hero Jr. can move by himself in the "explore" mode or can be controlled by using his wireless remote. We used both methods, but found the remote control operation more challenging.

Getting the knack

The robot can be moved in any direction by pushing one of three keys: forward/backward; right, or left. Initially the user has to remember whether he wants the machine to proceed to the robot's left or his own left. But after a period of watching Hero Jr. do the exact opposite of what we wanted, we got the knack of steering him around coffee tables, chairs and through hallways and bedrooms.

Though Hero Jr. is almost strictly

for entertainment, he does have some practical features. The unit can guard the home against intruders when the security mode is selected.

The user enters a series of commands signaling Hero Jr. to say "You are an intruder," to an unwelcome visitor. In order to disconnect the security mode the person must enter a password in the form of the correct number of hand claps. If the password is correct, the robot automatically responds with its original greeting of "I am Hero Jr., your personal robot."

If, however, the password is incorrect, the unit will set off an electronic howl. An optional feature permits

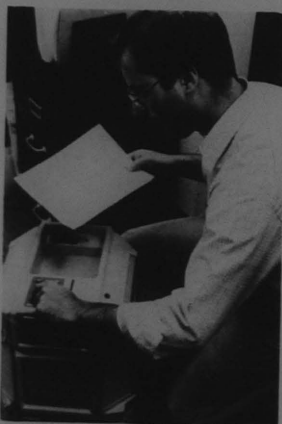
Hero Jr. to activate a Heath burglar alarm when the intruder is detected. Included with this accessory are two window stickers that read "Warning, this area protected by a security robot."

Another feature that can be programmed into the unit is a wakeup alarm feature. But we found this procedure to be the most difficult programming, and after repeated unsuccessful attempts to get the robot to "awaken" us at a specific time, we abandoned the effort. Hero Jr. will also recite the correct time, including a.m. or p.m., day/date, month and year, correcting himself twice a year for

Daylight Savings Time.

Despite these functions, Hero Jr. (who retails for around \$1,000 fully assembled) and his competitors remain expensive toys. Heath describes the typical buyer as a computer game enthusiast and the type of consumer who buys a satellite earth station, a VCR with hifi sound or compact disc player.

Considering the price and functional use, the home robot will probably remain a product for the wealthy enthusiast, at least for the foreseeable future. Only time will tell if he can realize his dreams of becoming a mass market item.



PUNCHING UP CODES on a keypad is what it took Merchandising associate editor Frank Cavaliere to get this Hero Jr. robot reciting poems, singing songs and roving like a drunken sailor.

Products
appear on
page 34

DECEMBER, 1984

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